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USSR Report

INTERNATIONAL AFFAIRS

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7 April 1986

USSR REPORT

INTERNATIONAL AFFAIRS

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SOCIALIST COMMUNITY AND CEMA AFFAIRS

ROLE OF IIB IN MORE EFFECTIVE USE OF RESOURCES

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 12,
Dec 85 pp 38-41

[Article by Albert Belichenko, chairman of the board, International Investment Bank: "IIB Credits in the Service of the Community" under the rubric "Integration in Action"]

[Text] Among the principal problems set forth by the Economic Conference of the CEMA Member-Countries at the Highest Level were the important tasks of further improving the currency-financial instruments of cooperation in the sphere of capital investments. At the present time, when an accelerated conversion of the fraternal countries' economies to an intensive path is becoming more and more urgent, policy agreement in the field of investments takes on great significance. A notable role in this is played by the IIB [International Investment Bank], which was created for the purpose of concentrating resources for capital construction and their more effective use. In January 1986 this bank marks its 15th anniversary.

In the course of 15 years (1971-1985) the bank's credits have been granted as follows: for developing the fuel and electric-power industries--62 percent of the total amount of credits, machine building and metalworking--23 percent, the metallurgical industry--5 percent, the chemical industry--5 percent, the light and food industries, transport, agriculture, and others--5 percent.

As is clear much of the credit goes to developing fuel and energy industry.

One of the chief integrationist measures carried out by the CEMA member-countries was the mastery on the Soviet Union's territory of the Orenburg Gas-Condensate Deposit and the construction of the Soyuz Gas Pipeline by the joint efforts of the countries concerned. Since the time when this complex was put into operation, the European CEMA member-countries have received tens of billions of cubic meters of natural gas. The IIB actively participated in financing this gas pipeline, thereby more fully satisfying the needs of the countries belonging to the socialist community with respect to raw materials and fuel.

The construction of facilities granted credit by the bank leads to a broader participation by the fraternal countries in the international socialist division of labor, as well as to a deepening of production specialization and cooperation.

Credits granted by the IIB to the non-European CEMA member-countries also facilitate implementation of the decisions taken by the Conference, decisions

directed at bringing closer together the levels of these countries' economic development. Thus, the MPR [Mongolian People's Republic] obtained on privileged conditions credits in transfer rubles for building a wool-washing mill at an interest rate of 0.5 percent per annum, while the Republic of Cuba obtained credits for building four sugar mills at 2 percent per annum (while the general level of interest rates was 3-5 percent per annum). The bank also plans in the future to further assist in the accelerated development of these countries' national economies.

The IIB has concentrated its attention, first of all, on financing the retooling of existing enterprises; it gives preference to renovating and modernizing production facilities. This corresponds to the latest changes in the investment policy of the Soviet Union and the other CEMA member-countries. Speaking at a conference in the CPSU Central Committee on questions of speeding up scientific and technical progress (in June 1985), the general secretary of the CPSU Central Committee, M. S. Gorbachev noted the following: "Today the emphasis must be placed on retooling enterprises, economizing on resources, sharply improving product quality. It is important to reject without vacillation the stereotype of economic management which has taken shape in the past, according to which the principal method of expanding production was considered to be new construction, whereas many existing enterprises have not been retooled for many long years...."

During this period the IIB accepted 94 projects in all for granting credits, and the total sum of credits granted amounted to 3.9 billion transfer rubles. Credits have been used by the CEMA member-countries, the SFRY [Socialist Federal Republic of Yugoslavia] and the International Economic Association known as Interatominstrument. The estimated cost of the facilities accepted for credits has exceeded 10 billion transfer rubles.

During the years 1972-1984 the total volume of exports to the member-countries of the IIB with facilities built or modernized with the participation of IIB credits amounted to 24 billion transfer rubles, which assisted in expanding mutual goods turnover and the satisfaction of the national economic needs of the countries concerned. During these same years the member-countries were supplied with approximately 85 billion m³ of natural gas, more than 160,000 trucks and buses, agricultural and processing machinery worth a total of about 3.4 billion transfer rubles, presses and pressing equipment worth 1.4 billion transfer rubles, and more than 45,000 forklift trucks.

The volume of export deliveries from facilities being granted credit by the IIB is constantly increasing: during the period 1972-1975 it amounted to 1.4 billion transfer rubles, in 1976-1980--to 6.7 billion, and in 1981-1985--to about 20 billion transfer rubles (estimated). During 1984 alone facilities being granted credits delivered more than 4.5 billion transfer rubles' worth of products, or 108 percent of the accepted obligations.

At the present time work is being finished up with regard to coordinating the national-economic plans of the CEMA member-countries for the years 1986-1990. This is particularly important for further enhancing the role played by international socialist credit and stepping up the bank's activity, as well as for expanding the sphere of using the transfer ruble. In this connection, the

IIB coordinates its current and future work with the planned activities of the CEMA member-countries in the field of capital investments; study is continuing on specific measures with regard to cooperation for the purpose of selecting possible projects to be granted credits; a great deal of attention is being paid to a broader utilization of investment credits in implementing integrationist measures, outlined during the course of coordinating the national-economic plans of the CEMA member-countries for the upcoming five-year period. Selection of projects which will be granted credits and determining the prospects for developing activity are conducted by the IIB in close contact with the CEMA Secretariat and especially with the CEMA Committee on Cooperation in the Field of Planning Activity.

The IIB examines the economic effectiveness of capital investments at the same time as it considers the feasibility of granting credits to projects. In this connection it bears in mind that, in the first place, credits will be granted, for the most part, for financing the construction of integrationist projects possessing great importance for developing the economies of each country and those of the CEMA member-countries as a whole, as well as for measures to speed up scientific and technical progress, deepen production specialization and cooperation, representing a mutual interest. In the second place, the motivated interest of the member-countries in building the project and in obtaining the products turned out by it must be confirmed.

Among the criteria of a project's economic effectiveness the IIB includes ensuring a high scientific and technical level of construction; observance of the pay-off periods which are optimal for the given sector; production of output with the least expenditures possible and turning out a product which meets world standards as to quality and prices; presence of the necessary raw-materials base for production and a market for sales of the product; length of time required to build the facilities, as well as other economic and financial requirements, to be determined by the bank's Council depending on the nature and purpose of the capital investments.

The credit agreements between the IIB and the borrower, as a rule, include the following technical and economic indicators: size of the capital investments, production capacity, production costs, profits, pay-off period, labor productivity, coefficients of automation and mechanization, return on investment, and product quality. Output of a high-quality product helps to reduce the import of goods from the capitalist countries and to cut down on currency outflows. The credit agreement also notes that the issuance of funds by means of credit takes place solely for the purpose provided for in the agreement. Thereby the bank monitors the effectiveness and feasibility of the use made of the funds which it has granted.

In recent times the bank has paid particular attention to the problems of financing measures with regard to speeding up scientific and technical progress. At the 39th Session of the bank's Council (held in Ulan-Bator, October 1985) a decision was adopted concerning the granting of credits for renovating and modernizing a number of enterprises in the CEMA member-countries. Thereby the IIB has facilitated the manufacture of highly effective products. Thus, expanding with the aid of credits the production capacities of the Beroye Combine for constructing robots (HPR [Hungarian People's Republic]) will allow an

increase in the annual output of industrial robots from 537 to 2,055 units, of which 1,480 units, or 72 percent, will be delivered to CEMA member-countries.

Implementation with the aid of the bank's credit of capital investments at the F. Heckert Machine-Tool Combine (GDR) will ensure increased production of special machine tools and flexible automated lines, as well as the automation of entire production sections. As a result, the necessary production growth will be achieved for the purpose of better satisfying the needs of the CEMA member-countries for this combine's products, the output of which will almost triple during the period 1986-1990, in comparison with the preceding five-year period.

The IIB has also granted credits to pay for the delivery of equipment and materials, provided for with the construction of certain facilities of the electrical-equipment and electronics industries in a number of CEMA member-countries: the PRB /People's Republic of Bulgaria/ --for expanding capacities to produce low-voltage, electrolytic condensers at a plant in the city of Kyustendil and for developing the production of ferromagnets in the city of Pernik; the PPR /Polish People's Republic/ --to increase the production of low-capacity electric motors at the Silma Plant in Zagurzh, measuring instruments at the Era Plant in Warsaw, and to produce special instruments and apparatus for the automatic control systems at the Mera-Pnefal Plant in Varshava-Falenits.

In Zelena-Gura (PPR) a new branch building of the Interatominstrument International Economic Organization, built with the aid of the bank's credit, has been put into operation. As a result, the possibility has emerged of increasing the amounts of installation and technical servicing of items of radio-isotopic, nuclear-physics, electronic, monitoring-and-measuring apparatus, as well as other instruments for the CEMA member-countries.

In the next few years the IIB proposes to participate more actively in the plans for carrying out the Comprehensive Program for Scientific and Technical Progress of the CEMA Member-Countries in order to facilitate an increase in the effectiveness of their public production.

The contribution made by the International Investment Bank to increasing the production effectiveness in the CEMA member-countries and to further develop socialist economic integration can be demonstrated by a number of examples.

The IIB is taking part in financing the renovation of the E. Thalmann Heavy Machine-Building Combine in the GDR. It supplies the fraternal countries, including the USSR, with rolling mills, equipment for turning out construction materials, cranes, industrial furnaces, etc.

Over a number of years the IIB has granted credits to the Czechoslovak Tatra Motor-Vehicle Plant. The results of the bank's financial assistance were not long in making themselves known. Completion of the renovation and growth of the production capacity of this plant allowed them to increase the output of trucks from 7,900 to 15,300 per annum, of which about 40 percent are exported to the CEMA member-countries.

Credit relations have been developed between the IIB and the Bulgarian Balkanar Scientific-Production and Trade Association. Modernization and renovation of this enterprise have made it possible to increase the production of up-to-date motors for diesel-powered forklift trucks, which are in great demand in the CEMA member-countries. The annual production of forklift trucks has exceeded 28,000 units. In the very near future the development of a new generation of forklift trucks with a load-hoisting capacity of as much as 20 tons is anticipated.

In recent years the International Investment Bank has actively taken part in the process of granting investment credits to agriculture and the food industry. And this is understandable, inasmuch as the intensification of agricultural production is at the center of attention of the Communist and Workers' Parties in the countries of the socialist community. Thus, as is known, the Soviet Union is carrying out the Food Program--an important part of the economic strategy of the Communist Party and the Soviet state during the current decade. Analogous decisions with regard to developing agro-industrial complexes have likewise been adopted in the other fraternal countries.

Close cooperation in developing, designing, and producing agricultural equipment is facilitating the successful solution of the urgent problems of agricultural production. Therefore, increasingly broader development is being received by specialization, production and scientific-technical cooperation, included that achieved due to the credit assistance of the IIB. Thus, the Fortschritt-Landmaschinen Agricultural Machinery Combine (GDR), consisting of 12 plants, regularly uses the bank's credits. This combine has created equipment which takes into account the specifics of the fraternal countries' agriculture. Included here are automotive field measuring devices and row-type reapers, high-pressure presses, grain- and seed-cleaning units. This assortment will be expanded and will encompass new sub-sectors of machine building and the food industry.

The bank is taking part in renovating and electrifying the railroads of the HPR [Hungarian People's Republic]. The freight-handling capacity of the Zakhon Station, located on the Soviet-Hungarian border, after its renovation will be increased by 5.2 million tons per annum. Running operations at the station (the freight-handling process, accounting for incoming cars with regard to quantity, quality, and nomenclature, forming up trains, etc.) is being carried out with the help of computers and an automatic control system. All this was done with the participation of credits from the IIB.

Over the period of the last 10 years the International Investment Bank has granted several credits to the Hungarian Ikarus Plant, which plays an important role in supplying the CEMA member-countries with buses (urban, long-distance, and tourist types). This production is being carried out on the basis of a broad, international, socialist division of labor. As a result of capital investments financed by the bank, this plant's production capacity increased from 11,900 units in 1981 to 13,900 units in 1984, i.e., by 17 percent. Recent years have been marked by further production improvements, as well as improvement in the quality of the buses and spare parts for them. The capital investments now being assimilated will help to make the transition to producing buses with a new, standardized design.

With the aid of IIB credits the HPR has also expanded the production of aluminum semi-fabricated items at the lightweight-metals plant in the city of Sekesh-fekhervar. A credit agreement has provided for a considerable increase in the output of this important product, in which the PRB, HPR, GDR, PPR, SRR [Socialist Republic of Romania], and CSSR [Czechoslovak Socialist Republic] are interested.

The IIB has continued to extend credit for previously accepted projects. Included among these are the Umformtechnik Combine (GDR), which manufactures heavy pressing and forging-and-pressing equipment and which delivers its products to more than 50 of the world's countries; the Hans Mavag Plant (HPR), which is increasing its output of various metal components for transport machine building, and which also produces load-transferring machinery for the reactors of nuclear electric-power stations; a plant producing caustic soda and chlorine derivatives in the city of Dzshurdshy (SRR); a plant turning out anti-oxidants, the Duslo Shala Chemical Combine (CSSR); highways in the PRB, being renovated by means of credits from the IIB, and others. Financing for construction of a wool-washing mill in the MPR has been completed.

The effectiveness of IIB credits can be well illustrated by the example of the Duslo Shala. The Czechoslovak press remarked as follows: "Construction of the new production complex will allow us to ensure the output of an important item for low-tonnage chemistry." The newspapers particularly emphasized the fact that the significance of this construction project was growing, inasmuch as the International Investment Bank was taking part in financing it. Speaking at a meeting of the party-economic aktiv of the project's builders, Comrade Josef Lenart, member of the Politburo of the CP of Czechoslovakia Central Committee, remarked that completion of construction work on the Duslo Shala would facilitate an increase in the effectiveness of rubber production and thereby the implementation of the results of scientific and technical achievements.

For the year 1985 as a whole 25 projects granted credits by the bank were in the construction stage. Assimilation of the capital investments for them and the putting into operation of equipment acquired by means of credits has allowed the borrowers to significantly increase production output. The bank is striving to strengthen its monitoring controls over the performance by the borrowers of the conditions of the credit agreements, particularly over the observance of the targeted nature of the use of credit, putting the facilities into operation on schedule, the achievement of the planned capacities and the attainment of other technical and economic indicators.

These examples testify to the high economic effectiveness of the facilities under construction or being renovated with the participation of IIB credits, and, consequently, to the significant role played by the bank in developing cooperation and socialist economic integration. They show that the utilization of mutual economic ties for speeding up a multi-lateral intensification of production is becoming the general goal of cooperation in the sphere of capital investments. What is important, moreover, is not merely the increase in deliveries but also the profound qualitative improvement of the entire system of reciprocal economic ties. The program of coordinating the national-economic plans for the years 1986-1990 has provided for solving the most important

tasks of cooperation on a multi-lateral basis, as well as expanding the coordination of capital investments with regard to the agreed-upon areas and projects. A great deal of attention will be accorded to working out proposals with regard to deepening cooperation and introducing the latest achievements of science and technology into key sectors of the national economy. Cooperation in the sectors of production ensuring an increase in the effectiveness of the national economy--machine building for nuclear electric power, electronics, and robotics--is becoming more and more the foundation for further improving economic ties.

The participants in the Economic Conference of the CEMA Member-Countries at the Highest Level expressed firm confidence that the "step-by-step implementation of the adopted decisions would provide a new and important impetus to the subsequent, gradual development of their economies and to mutual cooperation, to the growth of socialism's prestige and attractive force in the world, to a still closer and multi-lateral strengthening of the unity among the CEMA member-countries, a united communality of basic class interests and the ideology of Marxism-Leninism."

Having accepted the decisions of the Conference for unwavering execution, the IIB considers facilitating their implementation to be the most important task for the subsequent period of its own activity, and it intends to increase its contribution to developing cooperation among the CEMA member-countries, to take a more active part in carrying out the investment programs, first of all, in implementing the tasks provided for by the Comprehensive Program of Scientific and Technical Progress to the Year 2000.

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GENERAL ECONOMIC AFFAIRS

USSR STATE BANK'S ROLE IN FOREIGN TRADE

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 12,
Dec 85 pp 15-19

[Article by Vladimir Alkhimov, chairman of the board, USSR State Bank: "The Role Played by USSR Gosbank [State Bank] in the Development of Foreign Trade" under the rubric "Following the Policy of the Economic Conference"]

[Excerpts] In the economic mechanism of socialist management one of the important links is the monetary-credit system. Its functioning is based upon the Leninist principles of organizing banking work, monetary circulation, inherent to the new type of production relations which have been created in the socialist countries. Included among such general principles are the following: a monopoly of banking affairs in the hands of the state, well-organized planning of the development of monetary and credit relations, concentration of monetary resources in a unified loan fund, conversion to a system of direct granting of bank credit without intermediate links, state monopolies on currency and on foreign trade. Also serving as a general organizational principle is the fact that the monetary-credit system of each CEMA member-country singles out from among its own units a leading, central bank which functions in the role of an emissions institution and the country's credit-accounting center.

In our country the USSR State Bank is such a bank. As the basic link in the monetary-credit system, it organizes and regulates currency circulation in accordance with the plan for economic and social development; it conducts short-term and long-term granting of credits to the national economy and to the public; it attracts into its own accounts monetary funds of state, cooperative, and public enterprises, organizations, and institutions, as well as the public; these funds are used as a resource for granting credits; it carries out calculations in the national economy; it performs the operations entrusted to it with regard to financing and crediting capital investments; it carries out the cash functions of the state budget; it organizes and conducts international accounts, and transactions connected with foreign trade and other types of foreign-economic activity of the Soviet state, as well as with currency values.

As can be seen from the nature of its functions, the USSR Gosbank is a multi-purpose credit institution, performing operations inherent to emissions, commercial, deposit, investment, and other banks. Its most important function consists in planning and regulating the country's monetary circulation, whether this takes the form of cash or non-cash transactions.

The draft of the new edition of the CPSU Program provides for an enhancement in the role to be played by economic methods of controlling the economy. As this document points out, "it is necessary to make fuller use of commodity-monetary relations in accordance with the new contents inherent in them under socialism, to strengthen the monetary-credit system, to increase the purchasing power of the ruble, to intensify the system of economies, control over the quantity and quality of work, to more fully and effectively apply the entire arsenal of economic levers and incentives." This requires an enhancement of the role to be played by the USSR Gosbank in solving the problems assigned to us.

In the Service of Integration

Conversion to the rails of intensified production requires a closer interaction between domestic and international economic relations. Many domestic socio-economic problems go beyond the framework of national interests and become international. Among them we can also include the use of foreign-economic ties along various lines of economic development, such lines close to the bank as a broad-based production cooperation, improvement in the structure of reciprocal exchange, expansion of export possibilities, increasing the effectiveness of foreign trade, etc.

An extremely important indicator of foreign economic ties is the volume of foreign trade. During the last four years of the 11th Five-Year Plan it grew by a factor of 1.5 and in 1984 reached 139.7 billion rubles. Trade between the USSR and the other CEMA member-countries increased from 45.8 billion rubles in 1980 to 72.7 billion rubles in 1984, while their share in the foreign-trade turnover of the Soviet Union rose from 48.6 percent to 52.1 percent. In 1985 it will increase to 60 percent. The effectiveness of foreign trade is increasing. In the future we must promulgate additional measures for enhancing the effectiveness of foreign-economic activity, the competitiveness of our homeland's products on the foreign market, in the first place, those such as machines, equipment, instruments, and apparatus.

The system of measures along these lines consists, in particular, in the fact that on products being exported for freely convertible currency additional incentive-bearing 20-percent surcharges are added to the wholesale prices. We are also confronted with the task of making more effective use of the deduction in foreign currency in exchange for supplying products for export.

Designation of these deductions is tied in directly with promulgating measures for improving production, increasing the competitiveness of the products being turned out both at the given enterprise as well as at closely related enterprises engaged in developing and supplying complete sets of assemblies and parts for products to be exported.

The USSR Gosbank and the USSR Foreign Trade Bank accord top-priority attention to the development of banking cooperation with the fraternal countries and are thereby making an important contribution to implementing and deepening socialist economic integration, to carrying out the decisions of the Economic Conference of the CEMA Member-Countries at the Highest Level (1984).

Thus, in accordance with these decisions, the government of the USSR in June 1984 adopted the Basic Positions on the Procedure for Carrying Out Direct Production and Scientific-Technical Ties between Associations, Enterprises, and Organizations. They have been granted the right to decide questions concerning their most urgent and prospective directions and topics for production cooperation as well as the development of intra-sectorial cooperation, in the first place, in manufacturing new types of products.

The ministries and departments have been directed to produce and provide for the reciprocal deliveries of products which measure up to the technical level and quality of the best world models, to develop the production of consumer goods, of products necessary to the national economy of the USSR, an increase of their exports in the interests of developing reciprocal trade. By utilizing the monetary-credit mechanism, Gosbank and the Foreign Trade Bank will participate actively in implementing the above-mentioned tasks.

The forms of banking cooperation between the CEMA member-countries are quite diverse in form and are continually being improved. A multi-lateral system is successfully functioning for keeping accounts and crediting in the collective currency of the CEMA member-countries (i.e., in transfer rubles).

The USSR Gosbank and the USSR Foreign Trade Bank are actively participating in the work of the IBEC [International Bank for Economic Cooperation] and the IIB [International Investment Bank] in improving their credit-accounting mechanism.

Thus, the USSR Foreign Trade Bank, in its capacity as the plenipotentiary bank of the Soviet Union for carrying out transactions with the IBEC and the IIB, conducts all accounts in transfer rubles with the socialist countries through the IBEC. At the present time the share of all accounts in this currency comes to approximately half of all the foreign-payments circulation of the USSR.

At the April (1985) Plenum of the CPSU Central Committee Comrade M. S. Gorbachev made the following point: "It is becoming an increasingly important task to take all measures to improve and enrich cooperation, to develop multi-lateral ties with the fraternal socialist countries, to ensure their close inter-action in political, economic, ideological, defense, and other fields, to be concerned for the organic combination of the national and international interests of all the participants in this great community. The credit system of the USSR is constantly using the economic levers which it has at its disposal for successfully solving these important problems of the Soviet state's domestic and foreign policy.

In conjunction with the ministries and departments concerned, the USSR Gosbank is taking measures to further develop bi-lateral economic cooperation between the Soviet Union and the fraternal countries in the field of currency-credit relations.

The Soviet Union grants credits to the CEMA member-countries in state as well as banking forms, credits which are used, in particular, to balance reciprocal goods circulation. In turn, large-scale facilities are constructed on the territory of the USSR with the participation of the socialist countries concerned.

These latter also grant credits to the Soviet Union in order to pay for the deliveries of equipment, materials, and services being rendered. And these credits are repaid by deliveries of products from the facilities which have been built.

Serving as an example of the successful use of credits is the development of the Orenburg Gas-Condensate Deposit and the construction of the main pipeline from Orenburg to the Western border of the USSR, projects which drew upon the credit and financial resources of the PRB, HPR, PPR, SRR, and CSSR. As compensation for their own expenditures, these countries receive considerable amounts of such a valuable fuel and raw material as natural gas.

In the future, in accordance with the draft plan of the Basic Directions for the Economic and Social Development of the USSR for the Years 1986-1990 and for the Period to the Year 2000, we must ensure jointly with the CEMA member-countries the carrying out of a number of large-scale projects: construction of a main gas pipeline from Hamburg to the Western border of the USSR, nuclear electric-power stations, and aerogeophysical stations, the Krivoy-Rog Mining and Dressing Combine, developing the petroleum and gas deposits of the Caspian Lowland, as well as further expansion of the Integrated Energy System of the countries in the community.

Compensation agreements are likewise concluded between the Soviet Union and the capitalist countries whose banks grant to our country targeted credits for the purpose of building large industrial complexes, to develop and exploit new deposits of such minerals as petroleum, gas, and coal. Credits are cleared off by means of earnings from the delivery of products produced at these facilities to those countries from which the credits were obtained.

As an example we can cite the compensation agreements with Finland. In connection with the completion of the Kostomukshskiy Mining and Dressing Combine, a portion of its products are exported as compensation for the deliveries of equipment, materials, and other types of expenditures for the Finnish Metallurgical Combine in Raakhe.

Cooperation is being carried out on a compensatory basis with Japanese firms in developing the Southern Yakutsk Coal Basin, exploring for petroleum and gas on the Sakhalin Island shelf, developing the timber resources of Siberia and the Far East.

Successful solution of the problems confronting the USSR State Bank requires good organization and smooth harmony among all the units of the banking system, a more business-like quality and activity on the part of their institutions, and a steady strengthening of state discipline. Applying their efforts along these lines and joining in the socialist competition to mark the 27th CPSU Congress, the employees of the USSR State Bank system, together with the entire Soviet people, will make a worthy contribution to the wide-scale economic changes occurring in our country.

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UNITED STATES AND CANADA

APPEAL FOR GREATER UNDERSTANDING, RESPECT BETWEEN U.S.-USSR

PM141451 Moscow SOVETSKAYA ROSSIYA in Russian 13 Feb 86 First Edition p 1

[Article by Leonid Dobrokhov under the rubric "Journalist's Reflections":
"Smash the 'Distorting Mirror'"]

[Text] The scene is a Washington street. Two girls ask me directions. I reply that I am not a local--but from the USSR--and give them each a Moscow Youth Festival badge. A Russian, from the USSR? Complete shock. What festival? It's the first they've heard of it. But 18 American congressmen sent greetings to the festival. All this was passed over in deathly silence by the mass press.

Another scene. A Boston shopping center. A question from a salesman in the radio equipment department: "What, do they really have tape recorders in Russia?"

The well-known political scientist George Kennan writes: "The representation of the Soviet Union that is currently prevalent...in our mass media is extreme, subjective, and devoid of all reality."

An understanding of the realities of our time... This is precisely the whole world's assessment of the statement by Mikhail Sergeyevich Gorbachev and his replies to questions from L'HUMANITE. "In the nuclear age one cannot live--or at least live for long--with the psychology, habits, and rules of the Stone Age," Mikhail Sergeyevich noted in his interview with the French journalists. This concerns not only military and political questions, but also those connected with the state of international information and cultural exchanges. An atmosphere of distrust and misunderstanding and a line of concealment and total disinformation create conditions of fear and hatred, or, as the Americans say, "paranoia," which leads to an acceleration of the arms race.

The director of the USIA, who has been entrusted by the U.S. Government with organizing and coordinating foreign policy propaganda, as well as international exchanges, was recently in Moscow. At the conclusion of his visit, Mr Wick held a press conference, where he noted the businesslike and constructive nature of the talks with Soviet officials, which reflected the "spirit of Geneva." Moreover he stated: "pronouncements from the cold war period, the

distortion of truth, misunderstandings, unworthy accusations, and so on lead to an intensification of international tension..."

Well, one can only rejoice at these words by an official representative of the American administration. There have been times, in the 1930's, at the end of the 1950's and the beginning of the 1960's, and in the 1970's, when the exchange of information, ideas, and cultural values were sufficiently developed, and this was only for the good. I remember the American exhibition in Moscow in 1959. Much of its conception and content was foreign to us, yet all the same another world opened before us then, with its own spiritual and social paradoxes and many technical and scientific achievements that amazed many people. I recall the speeches of President John Kennedy, some of them were published in full in our newspapers. In them he stood up for American values and the American view of the world, and yet, as opposed to what he had said and done earlier (the Caribbean crisis and the problem of West Berlin), the main thing in these speeches was an appeal for restraint, temperance, a respectful attitude to differences in views, and a recognition of the rights of both peoples to live as they think they should.

At the time we saw the president's assassination and funeral at Arlington cemetery on television by means of direct relay via the "Telstar" satellite; this was the first transatlantic transmission from the United States to Moscow. I recall the sympathy that we all felt in November 1963. Today the same television informed us about the "Challenger" tragedy. In human terms it affected Soviet people, perhaps, no less than Americans; after all, we are pioneers in space, and we have had our losses in this area. Appearing on Soviet television the other day, Senator Edward Kennedy, brother of the former president, again appealed to the spirit of restraint and cooperation between the two powers. We agree with far from everything that the senator said (take, for instance, the thesis of "equal responsibility" of the USSR and the United States for developing space arms), but nonetheless listened to him attentively and with interest. A sharing of grief, objectivity, and friendliness without diminishing the fundamental differences in political views and without abandoning class criticism of the basics of a socioeconomic system opposed to ours--this is our "information policy" regarding the United States.

Sociological research (before and since the meeting in Geneva) invariably shows that, with all our sharp criticism of imperialism, militarists, and the foreign policy of the U.S. Administration, the attitude of the Soviet people to the American people has always been friendly and respectful. Yes, many things and people in the United States do not produce positive emotions in us--from John Foster Dulles to the "star boys" like SDI organizers Teller and Abrahamson. But we know very well and respect the other America: Martin Luther King and Kurt Vonnegut, Armand Hammer and Averell Harriman, Albert Einstein and Linus Pauling, and Van Cliburn and Bob Dylan. We know and respect them because newspapers, books, radio, the movies and television truthfully tell us about them and many other things.

In the new conditions that developed after Geneva, we are ready to expand information and exchanges on the principles formulated as far back as Helsinki and confirmed at the summit meeting in order to help strengthen peace and

mutual understanding between peoples and the spiritual enrichment of the human individual without interference in internal affairs.

But, it follows from other research also conducted in the United States on the eve of Geneva, 44 percent of Americans do not know that the USSR and the United States were allies during World War II, and 28 percent are even convinced that they were opponents. These facts seem fantastic, but only to those who do not know the U.S. situation.

The author of an article in the American Journal BULLETIN OF ATOMIC SCIENTISTS called this "Soviets through jaundiced eyes." I saw these "eyes" everywhere: in publications put out by the fanatical anticommunist (Mun), the WASHINGTON TIMES, or the DAILY NEWS, which is as widely distributed in New York... Any gibberish gets into the press here, if it is anti-Soviet gibberish.

Undoubtedly, an observer of the respectable NEWSWEEK (its U.S. circulation alone is 4 million) who recently wrote a vile lampoon about the draft new edition of the CPSU Program--in it a total lack of serious reasoning is replaced by malicious abuse of the followers of "a certain German who lived in the 19th century, sat in the British Museum, and scribbled something about an imaginary future" (this about the author of "DAS Kapital!"--undoubtedly sees the world through jaundiced eyes. Suppose one of our journals tried to say something of the sort about the U.S. Constitution or the American Founding Fathers?! It is not difficult to imagine America's reaction...

Or take the Cinema. SOVETSKAYA ROSSIYA has already written about "Rocky IV," "Rambo," and "Red Dawn." But here is French radio's opinion of the new American epic film brought to Paris based on Solzhenitsyn's novel "Gulag." "The film is a curious, widespread myth..." And even this is not enough. The NBC television corporation has allotted \$40 million for the making of the film "America"; the action takes place in the United States "10 years after the Soviet occupation." There, Mr Wick, you have the spirit of Geneva!"

Meanwhile, at the same press conference Wick fiercely defended NBC's right to make everything it wants to make. The appeal for "restraint" that he expressed is of a very selective nature. In the United States it has not extended to television, the movies, or publications.

"The only war that the United States has waged in the last 4 years has been a propaganda war." To whom, you think, do these words belong? Mr Wick! It seems that he has forgotten about the American occupation of Grenada, the aggression against Lebanon, and the U.S. covert war against Afghanistan and Nicaragua. But let's return to our topic. On one hand, there are appeals to stop "verbal attacks"; on the other, there is a "war of words"; billions and billions of words that are tinged with malice and hatred. And here are manifest too the double standard--which, unfortunately, is characteristic of the style of the current American administration--in assessing the actions of both sides. The inconsistency between general declarations and practical deeds, including propaganda, where words are often unrecognizably twisted by the distorting mirrors of disinformation.

...For my daughters and me, this year a musical by an American children's and youth theater from Albany, which came to Moscow as the first sign of the recently concluded Soviet-American cultural exchange agreement, was a small but bright ray of hope. The musical is called "Raggedy Ann." It is a wonderful, very human, good, and at the same time very American tale about a very difficult, a most excruciatingly difficult, victory for the forces of light over the "general of darkness." The musical was in English, but by the ovation from the young Muscovites and the expression in their eyes I realized that the language of genuine friendship, honesty, and goodness does not need translation.

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UNITED STATES AND CANADA

ZAGLADIN ON WHY REAGAN-GORBACHEV MEETING WAS NECESSARY

Moscow AGITATOR in Russian No 2, Feb 86 pp 37-42

[V. Zagladin, first deputy chief, International Department of the CPSU Central Committee: "A Most Important Event"]

[Text] This is precisely how the Politburo of the CPSU Central Committee characterized the meeting of comrade M. S. Gorbachev, secretary of the CPSU Central Committee, with the U. S. president, Ronald Reagan, which took place in Geneva during 19-21 November 1985. The fact that the animated discussion of its results has continued up to now and that in all corners of the planet the wishes and demands for the realization of the agreements reached in Geneva are increasing eloquently confirms the correctness of this assessment.

For more than 6 years, meetings of that kind, that is Soviet-American meetings at the summit level, have not taken place. Why did it become necessary? Why did the Soviet Union insistently take the initiative in urging that it be held (we shall recall that such an initiative was advanced already by the 26th CPSU Congress in 1981, i. e., immediately following the accession of R. Reagan to leadership in Washington)?

From the mid-1970's the world entered a period of new confrontation, which at times was called the second "Cold War". The reasons for the confrontation were sought by certain circles in the West in the actions of the USSR and the countries of socialism. They asserted, for example, that the events in Afghanistan or the processes unfolding in Poland were to blame for everything. But all of this is an attempt to lay the blame on somebody else. It is sufficient to recall: All of the events enumerated took place after Washington turned from detente to confrontation. As a matter of fact, already at the beginning of 1976 President Ford announced the rejection of the term "detente" and replaced it with the formula of "policy of peace by means of strength". And in the review memorandum of the president of the United States No 10 (1977), the period that began in the mid-1970's was characterized as a limited "Cold War" or a "hot detente".

Why did imperialism, above all American imperialism, decide to move from detente to confrontation? The main reason lies in the fact that it did not stand the test of detente. The reactionary, aggressive circles of the West considered it dangerous for the fortunes of capitalism in its competition with

socialism. They regarded it as a hindrance to its inherent aspiration to solve international problems by means of force, ignoring the interests of other states and interfering in their internal affairs. The interests of the military-industrial complex, for which detente is an obstacle in the path of the extortion of fabulous profits, played a role of no small importance here.

As a result, the decade from the mid-1970's to the mid-1980's became a decade of the growth of the danger of war, a decade of a desperate arms race, the crowning of which became the American cosmic plans, that is the plans for the transfer of the arms race into space.

By the mid-1980's the world approached a dangerous borderline. It became clear: If further growth of the quantity and the improvement of the quality of weapons of mass destruction would be permitted and what is more to fill space with them, the events could acquire an extremely dangerous, in essence, uncontrollable character. The world would slip to the precipice of a military catastrophe. This process had to be stopped without fail.

In these conditions, the Soviet leadership, having realistically analyzed the situation, decided: It is necessary to continue the dialogue with the United States at the summit level. ". . . Under all conditions we should seek and support political dialogue, which makes it possible to compare positions, to better understand each other, and on the basis of this to search for mutually-acceptable solutions of the vitally important problems of our time," said comrade M. S. Gorbachev.

The Soviet leadership took into account: The USSR and the United States are the greatest and strongest powers in military terms. But in contrast to the American administration, which takes the view that the power of the United States gives it some sort of special rights, right up to the right to "world leadership", the Soviet Union is convinced: The might of the two powers does not give them any special rights, but on the other hand imposes upon them a special responsibility for the state of world affairs, above all for the solution of the problem of war and peace. And precisely this range of problems--the key problems of our time--was set for discussion with President R. Reagan. "We must discuss," comrade M. S. Gorbachev said in his interview with TIME magazine, "not myths and stereotypes, which already have become rather boring, but the real problems and the real interests of our countries, our future, and the future of the entire world community."

Of course, taking into account the basic opposition of the Soviet and the American social systems and the profound difference of their foreign policy conceptions, the question arose: But is there something in common, the kind of thing in common that would make the negotiations productive? In the opinion of the Soviet Union, there is such a common interest. Comrade M. S. Gorbachev emphasized: ". . . [T]here are situations in which both sides lose. These are nuclear war, the arms race, and international tension. And there are, correspondingly, situations in which both sides gain. These are peace and cooperation, equal security, and the elimination of fear of a nuclear catastrophe."

This position of ours is fully supported by the history of Soviet-American relations. It suffices to recall the beginning of the 1970's. At that time a number of meetings between the USSR and the United States at the summit level took place. They led to the conclusion of a number of agreements and understandings, among which the indefinite Agreement on Anti-Missile Defense and the agreement on the limitation of strategic arms had special significance. General principles of the relations between the two countries, which had the capacity of becoming the foundation for their peaceful coexistence and cooperation, were also developed at that time. And both countries turned out to be winners as a result. Their security at that time was strengthened.

However, the meetings and agreements of the 1970's demonstrated not only the possibility of Soviet-American agreements and their fruitfulness. They also showed something else: Such agreements can take place and yield the necessary results only in the case of a realistic approach of both sides to the assessment of the world situation and the situation in Soviet-American relations. At that time, in the 1970's, the American leadership proceeded from a realistic assessment of the correlation of forces that had developed. "We must recognize," said President R. Nixon in 1971, "that one great power cannot obtain decisive advantage over the other. For this reason, there is no alternative to negotiations at the present time."

The transition to a new confrontation was very closely connected with the repudiation, on the part of the American leadership, of political realism and with the policy aimed at breaking the existing parity and securing military-strategic advantage of the United States over the USSR. On such a basis, naturally, no normal relations of any kind are possible between our countries.

"We advocate regular, correct, if you will, civilized inter-state relations based on the genuine respect of the norms of international law," it was noted at the April (1985) Plenum of the CPSU Central Committee. "But it must be utmost clear: Only when imperialism repudiates its attempts to solve, by military means, the historic controversy between the two social systems, will it be possible to bring international relations into the channel of normal cooperation."

The April (1985) Plenum of the CPSU Central Committee, taking into account all aspects of the situation that had developed, sought to activize Soviet foreign policy in every conceivable manner, including in the direction of the improvement of relations with the United States, it goes without saying, without encroaching on the legitimate rights and interests of each other. The Plenum warned: The plans being brought forth in Washington to attain superiority over the USSR in military terms are hopeless. But on the other hand, if the policy of the administration would be corrected in the proper manner, this would open up the way for mutually acceptable agreements. On our part, the Plenum emphasized, such readiness is present.

And from the moment when the agreement was reached on the Soviet-American summit meeting in Geneva, the Soviet Union began active preparation for its conduct.

At the negotiations on nuclear and space weapons in Geneva, the USSR came forward with a number of proposals, proposals that were concrete and radical.

First of all, it was proposed to prohibit space strike weapons. It was proposed because the beginning of the arms race in space and even the deployment, in earth-surrounding space, of anti-missile systems alone will not strengthen anyone's security. Concealed by the cosmic "shield", nuclear weapons of attack will become still more dangerous.

The appearance of space-based strike weapons could turn the present strategic balance into strategic chaos, call forth a feverish arms race in all directions, and undermine one of the most important foundations of its limitation--the agreement on missile defense. As a result, the distrust among the countries would increase, and security would decrease significantly.

Further. With the complete prohibition of space-based strike weapons, it was proposed to reduce by half all nuclear weapons available to the USSR and the United States that are capable of reaching each other's territory, and to limit the total number of nuclear warheads on them for each of the two sides with a ceiling of 6,000 units. These are radical reductions, measured in thousands of nuclear weapons.

Such an approach is fair. It encompasses all the weapons which form the strategic correlation of forces and makes it possible to take into account the nuclear threat practically existing for each side, irrespective of by whom or from where nuclear weapons are delivered to their territory--by missile or aircraft, from its territory or from the territory of allies.

The reduction by half of the nuclear weapons of the USSR and the United States is viewed by our country as a beginning. The Soviet Union is prepared to go even further--up to the complete destruction of nuclear weapons--with the participation, it goes without saying, of the other nuclear states.

It is natural that the nuclear arms race is calling forth special anxiety among the European nations. Europe is over-saturated with nuclear weapons. The Soviet Union stands for the complete removal of nuclear weapons from Europe--both medium-range and tactical. However, the United States and its NATO partners do not go for this. Taking this into account, the Soviet leadership proposed to begin, as it were, with intermediate solutions, and then to plead the case for further reductions. These proposals meet the hopes of the European nations to weaken the nuclear threat and to strengthen the security of Europe.

The fundamental aspect of the matter should be emphasized: In three directions of the negotiations--with respect to space, strategic offensive weapons, and medium-range nuclear weapons--the USSR has proposed nothing to the United States that would decrease its security.

In April the Soviet Union unilaterally introduced a moratorium on the placement of medium-range missiles in its European zone, and then reduced the number of such missiles on military duty to the level that existed at the beginning of June 1984 (when we began to implement our own measures as a response to the stationing of American missiles in Western Europe). The USSR introduced unilaterally a moratorium also for nuclear explosions of any type. In both cases, it was proposed to the United States to join our moratoria.

Simultaneously during the summer and fall, Soviet-American consultations were held on a number of international problems (above all, on so-called regional conflicts), as well as on questions of bilateral relations. And although they did not produce appreciable practical results, nevertheless this was an element of no small importance in expanding the dialogue between the countries.

In short, at the beginning of the meeting, the Soviet side came with serious, weighty baggage--with baggage of concrete ideas and proposals, which in no way infringed upon the legitimate interests of the United States and its security. On the contrary, if these proposals would have been implemented, the security of the United States and general security would have become much stronger.

It is well known that the American side reacted extremely peculiarly to our steps. It at once rejected the main point of our proposals--concerning the non-militarization of space. Moreover, exactly on the threshold of the meeting the next tests of space weapons were conducted, as well as new nuclear explosions. Certain political forces in Washington developed an active campaign against any agreement whatever with the USSR on the limitation and reduction of weapons. The influential (and close to the White House) organization "Heritage Fund" called for the conduct of an openly anti-Soviet policy and for the attainment of nothing less than the displacement of our country from international politics.

There were quite a few attacks on our country. And nevertheless the Soviet leadership decided in favor of the meeting with the President of the United States. The decision was taken because our country did not think it had the right to disregard even the smallest chance to restrain the dangerous development in the world. It was taken, recognizing that if it will not prove possible to start a direct discussion now, then it would be much more difficult later, and perhaps too late.

The Geneva negotiations were unusual, pointed, and at times outspoken. The American side obstinately defended its "strategic defense initiative" and tried to show that it will all but lead to an improvement of the situation and to the elimination of nuclear weapons. The Soviet side showed the complete unsoundness of such assertions. Indeed, to judge from the pronouncements and declarations of American officials, the issue--after having combined offensive nuclear and space weapons--is the attainment of superiority over the USSR.

Comrade M. S. Gorbachev emphasized that he is not given to the implementation of plans of that sort. The USSR will not permit superiority over itself and its allies. At the same time, it is not aspiring to superiority over the United States, if only because such a situation would increase the suspicion of the other side and would increase the instability of the strategic situation. "Life turns out in such a way," the general secretary of the CPSU Central Committee noted, "that both of our countries will have to get used to strategic parity as the natural state. We will have to move toward a joint understanding of what level of armaments for each of the sides can be considered as relatively sufficient from the standpoint of its reliable defense." Moreover, it goes without saying, this level must be significantly lower than the existing level. And so we must strive for the implementation of measures regarding the reduction of arms.

Along with problems of arms reduction, other international questions were also discussed at the meeting. Here in many cases important disagreements of the sides on the very approach to their examination also came to light. The essence of the disagreements consisted in how to approach the assessment of important processes of world development and the relations with other states. The United States, as before, proceeds from an imperial approach. It assesses any social or national movement of peoples as contradicting the interests of the United States, touching on its "vital interests". Such an approach is profoundly unrealistic. In point of fact, it denies the right of the majority of nations to think independently and to solve their problems. The Soviet side clearly said: The USSR is for the recognition of the inalienable right of every people to freedom, independence, and the independent choice of its developmental path, for the fact that this right is not trampled on by anyone, that there are no attempts to interfere from the outside. The Soviet has been and will be on the side of the peoples defending their independence.

What results have the Geneva negotiations produced?

It is natural that even today, after these negotiations, the USSR and the United States continue to have important disagreements on questions of fundamental importance. In Geneva it did not prove possible to arrive at concrete agreements on real disarmament and, above all, on the central problem of nuclear and space weapons. There was no reduction of the number of weapons by both sides after the meeting. This cannot but call forth disappointment.

At the same time, it would be incorrect to minimize the significance of the meeting and the agreements reached there. "The dialogue of the supreme leaders," comrade M. S. Gorbachev emphasized at the session of the USSR Supreme Soviet, "is always a moment of truth in the relations between states. It is important that such a dialogue took place--during the current difficult times, it in itself is a stabilizing factor."

The agreements reached in Geneva, although, as has already been said, they do not relate to the main question, nevertheless are of great significance. What are we talking about?

First of all, about the common understanding, set forth in the joint declaration, that nuclear war must never be unleashed, that there cannot be victors in it, and that it is the duty of the USSR and the United States to build their relations proceeding from this indisputable truth and not to strive for military superiority.

Recorded jointly and at the summit level, this understanding must in fact be placed at the basis of the foreign policy of the two states. If it is recognized that nuclear war, by its very nature, cannot have any rational goals whatsoever, then the stronger will be the stimulus in favor of its prevention, the reduction of the developments and tests of the means of mass destruction, and the complete elimination of the accumulated stocks of nuclear weapons. And, indeed, the more inadmissible to open up new directions for an arms race.

Secondly, the USSR and the United States clearly confirmed their obligation to promote every conceivable increase in the effectiveness of the measures for the

non-proliferation of nuclear weapons and agreed on joint practical steps in this direction. In the uneasy international situation of today, this is of no small significance for the maintenance of stability in the world and the reduction of the risk of the development of nuclear wars.

Thirdly, the joint stand of the leaders of the two countries for the general and complete prohibition and destruction of such barbarous weapons of mass destruction as chemical weapons is of fundamental significance.

Fourthly, the agreement of the leadership of the USSR and the United States, together with other states participating in the Stockholm Conference, to promote its most rapid completion with the adoption of a document that would include concrete obligations concerning the non-use of force, as well as mutually acceptable measures for strengthening confidence.

Fifthly, a number of useful agreements appeared in regard to many directions of the development of bilateral cooperation between the USSR and the United States. They can serve as a good basis for increasing the level of confidence between our countries and peoples--if, needless to say, a careful attitude is taken toward what has been elaborated and everything good is developed that is embodied in it, and no artificial grounds are sought to overturn them.

We must speak separately about the significance of the agreement reached in Geneva on the continuation of the political contacts between the Soviet Union and the United States, including new meetings at the summit level.

Thus, it will be correct to say that the overall balance of the Geneva negotiations is positive. ". . . The results of the negotiations in Geneva," the Politburo of the CPSU Central Committee noted, "are capable of exerting a positive influence on the change in the political and psychological climate in contemporary international relations and their normalization and reducing the threat of the beginning of nuclear war."

The results of the meeting confirmed the correctness of the foreign policy of our country and the validity of its basic points of reference. Also confirmed was the fruitfulness of the initiatives that were realized by our country during the past few months. It was precisely these steps which paved the way for Geneva and made it possible for the Soviet leadership, being based on a reliable foundation, to defend the interests of peace with confidence.

It goes without saying, the long-term significance of the Geneva meeting will come to light in the practical deeds of the sides during the period that lies ahead. And it will depend on their readiness to consistently carry out the agreements that have been reached. This applies, above all, to the continuation of the Geneva negotiations on space and nuclear weapons. The aims of these negotiations, which were agreed to by the sides in January 1985 and completely confirmed in Geneva, i. e., the inadmissibility of an arms race in space and its cessation on earth, must be unconditionally observed. "The Soviet Union," the USSR Supreme Soviet noted in its decree "On the Results of the Soviet-American Summit Level Meeting in Geneva and the International Situation" is doing everything that depends on it to embody these agreements in practical affairs and expresses the hope that the United States of America will manifest the same responsible approach."

We have not had and do not have illusions concerning the policy of the United States. The forces that would like to continue an aggressive and adventurist policy are sufficiently powerful and active there. In this connection, people at times put the question: But if this is so, can one nevertheless expect something in practice?

Of course, the Geneva understandings are not an agreement. But what is contained in the joint declaration--this is a fundamental arrangement of the leaders of the two most important countries which is binding with respect to a great deal. It makes possible an active struggle for progress, above all--with respect to the main question, the question of international security.

It is impossible not to take into account something else. The Geneva meeting has stirred up all the forces aspiring to detente, to the cessation of the arms race. And this, too, plays a considerable role and influences the further course of events.

The results of the Geneva meeting met with sincere approval on the part of the socialist states and allies of the USSR. At the meeting that took place in Prague on 21 November, the supreme leaders of the states participating in the Warsaw Pact expressed their complete support for the constructive position set forth by comrade M. S. Gorbachev at the meeting with the President of the United States. They gave a high assessment to the extremely important contribution to the advancement of the jointly elaborated peace-loving positions of the countries of the socialist commonwealth made by the general secretary of the CPSU Central Committee in the course of the Geneva meeting. The participants of the Prague meeting, as is stated in the communique adopted by them, announced the resolution of the parties and states represented at it, acting in concert, to undertake in the future, too, everything depending on them for the achievement of a turn for the better in European and world affairs. Meetings and leaders of other countries of socialism gave an analogous assessment to the results of the meeting.

The actions of the Soviet leadership also received full support on the part of the communist and workers' parties. The communist parties of the United States, the FRG, France, Italy, Great Britain, and many other countries, in special declarations, approved the results of the Geneva meeting and announced their resolution to do everything in their power for the realization of the agreements reached there.

Complete support for the results of Geneva was expressed at the meeting of the leaders of the socialist and social-democratic parties which took place in Bonn soon after the completion of the summit meeting. The leaders of various anti-war and anti-imperialist movements are making declarations concerning new possibilities in the struggle for peace and the necessity of making full use of them.

The states that have not been unified, above all states such as India, Tanzania, Angola, and many others, saw in the results of Geneva a new stimulus to the struggle for general security and the rights of peoples to decide their own fate.

Realistically thinking circles of the West European states, as well as other capitalist countries, perceived Geneva as the approbation of their positions, as a prerequisite for possible new steps aimed at the improvement of the international climate.

"Spirit of Geneva"--these words will not disappear from the pages of the world press now. And what is very good is the fact that many of those who pronounce them do not nourish illusions to the effect that further everything will solve itself. No, another conclusion is drawn: The struggle of the socialist countries, the popular masses, and all peace-loving forces has produced the first result; now this struggle must be continued further and new positive changes must be attained.

As far as the Soviet Union is concerned, and the people of our country, their conclusion found reflection in the unanimous adoption of the decree of the USSR Supreme Soviet. "The USSR Supreme Soviet," it is stated in this document, "is deeply convinced that the Soviet people, in moving toward an important event in the life of the country--the 27th CPSU Congress--will conquer new boundaries, through intensive labor, in socialist construction, in strengthening the economic and defensive might of our Fatherland, and in the social and spiritual development of society. In this lies the reliable foundation of the policy of peace conducted by the Soviet Union."

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UNITED STATES AND CANADA

U.S. SECRETARY OF EDUCATION BENNETT CRITICIZED

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[V. Zimin "Rejoinder": "The Secretary of Education is 'For,' But 'Against'"]

[Text] It is difficult to say whether William Bennett has seen the Hollywood blockbuster in which America's latest idol Rambo blasts "Reds" right, left, and center. But this hero's success is obviously bothering him.

Bennett has resolved to surpass him in an area where Rambo has a weakness--in the intellect department. After all, Bennett is the U.S. Secretary of Education...

He is using what appears to be the gentle approach. For example, recently he addressed the Kansas City (Missouri) Chamber of Commerce on questions relating to "exchanges of people and ideas" between the United States and the Soviet Union. All, seemingly, in the spirit of the times. But behind the pretty flowers up came some poison berries. The purpose of the contacts, according to him, is to "breach the iron curtain separating our countries" and to "nullify the influence of the false and poisonous (!) anti-American propaganda to which Soviet citizens are constantly being subjected."

There is an old expression about turning things upside down. W. Bennett has done something along those lines. One might ask the secretary: Who was it, then, who lowered the "curtain," to use his term, and who has been placing more and more obstacles in the way of normalization of Soviet-American relations? Which side, until recently, was forever fulminating against the "empire of evil"? Who is responsible for shoddy movies like the Rambo box office hits or the series of anti-Soviet pasquindades being made by ABC television and bearing the idyllic title "Amerika," which (for the umpteenth time!) will be concerned with the "Soviet military threat"? On whose say-so are the U.S. papers daily fueling hatred of Soviet people under the "new patriotism" banner)...

In the same programmatic speech Bennett lamented the inadequate knowledge of young Americans who, he says, are not ready for discussions with their Soviet contemporaries. He singled out their incompetence on questions relating to the history of World War II. The latest public opinion poll in the United States showed that it was a revelation to 44 percent of the population that

our countries had been allies and had fought together against fascism, and nearly one-third of Americans believed that the United States and the Soviet Union had fought against one another.

But are not you reaping what you sowed, Mr Bennett? Where do people find knowledge about the Soviet Union reflecting the real state of affairs when your very own deputy, G. Bauer, is demanding a revision of school textbooks since they are "insufficiently critical of the USSR" and is calling for them to be made more anti-Soviet? When Dickens, Fitzgerald, Hemingway, Dostoevski, Salinger, Vonnegut, and Baldwin are on the black list?..

We are not against the exchanges and discussions the secretary is advocating; we would be happy to receive young men and women from the United States. If only to enable them to learn the truth about the Soviet land at long last and to see what the lessons taught by teachers like W. Bennett are worth....

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UNITED STATES AND CANADA

TWO SOVIET BOOKS ON GENEVA SUMMIT PUBLISHED

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[M. Ozerov article: "Geneva: The Way it Was, or Some Lessons of Recent History"; first paragraph is reader's letter]

[Text] "The Geneva meeting was undoubtedly the chief international event of late. Have any works appeared that analyze that even in detail?"--G. Logachev, Irkutsk.

Geneva... When we pronounce this word now, it is probably not the geographical but the political association that comes to mind more frequently. Nothing surprising: The November summit meeting attracted the world's attention. And it continues to do so. The "spirit of Geneva," "The Geneva accords"--these terms are encountered literally every day in the newspapers of very different countries.

You ponder many things when you analyze the lessons of Geneva. You ponder, inter alia, the fact that our "propaganda machine" undoubtedly worked successfully then. Compared with the more than 1,000-strong army of transatlantic "specialists," there were not that many Soviet experts and journalists, but, as those days confirmed, it is certainly not a question of numbers. Our scientists, public figures, and correspondents acted energetically, efficiently, and confidently.

The summit talks are over, but the momentum gathered seems not to be diminishing. This is confirmed by two books which have just been published. I will at once say that they are serious, profound studies of the Geneva meeting and the further development of events.

The book by PRAVDA journalists V. Bolshakov, Ye. Grigoryev, and T. Kolesnichenko is called "Geneva: The Way it Was" [Zheneva: Kak eto Bylo] ("International Relations" Publishing House, Moscow). We have before us a vivid and well-reasoned account combining analytical data with personal observations and accurately noted details. The authors' conclusion is fair: "The Geneva meeting opens up opportunities for the normalization of Soviet-U.S. relations and the general improvement of the international situation. The accords reached in Geneva could have a long-term positive impact on the course of world development, if they are manifested in concrete deeds."

Yes, the meeting has had a weighty political outcome. But another result is also important--the psychological result. It has become clear to the world that it is necessary to study the great science of living together. The leaders of the two powers agreed that there must not be nuclear war and that it is impossible to win it. But, if this is so, why continue piling up mountains of arms? What is more, following normal human logic, is it not worthwhile to finally take the only correct path of trust, cooperation, and mutual understanding?

Geneva did not just raise these questions. It also gave a perfectly definite answer to them. What is it? It is that it is necessary to cast off--without delay--the fetters of the old thinking. The author of the second book--Doctor of Philosophical Sciences F. Burlatskiy, publicist and scientist--focuses attention on this lesson of the Geneva meeting. He too was one of us who had occasion to work in Switzerland during those November days and, as he himself writes, felt "the breath of a new wind in international public opinion."

F. Burlatskiy chose as one of the epigraphs to the book "Geneva: Yesterday, Today, Tomorrow" [Zheneva: Vchera, Segodnya, Zavtra] ("Mysl" Publishing House, Moscow) the words of the American poet J. Lowell: "History knows of no instance where an appeal to a people's reason has not led ultimately to success." "In the old days," the authors writes, "it used to be said that the first principle of political wisdom is to rid yourself of foolhardiness. Nuclear war is foolhardy, from whichever side you look at it--from the West or the East. And its rejection is the initial precondition for joint political action."

...Two books on the same subject. Is this necessary? In this instance--undoubtedly. And it is not just a question of readers' tremendous interest in the event, as evidenced, in particular, by SOVETSKAYA ROSSIYA's mail. The books complement each other, creating a clear, whole picture of what happened in Geneva 19 through 21 November.

But in some ways they are as alike as two peas, as it were. I mean their optimism. Reflecting on the summit meeting, on our state's policy, on the Statement of M.S. Gorbachev, general secretary of the CPSU Central Committee, (it, too, is discussed, and such prompt work, of course, cannot fail to gladden us!), and on people's sentiments in various parts of the world, the authors voice the hope that the "spirit of Geneva" will triumph on our planet.

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SOVIET TRADE RELATIONS WITH GREECE SHOW GROWTH

Moscow PRAVDA in Russian 16 Dec 85 p 6

[Article by V. Potapov, PRAVDA correspondent Athens: "Broad Horizons -- East-West Dialogue, Trade, Ties"]

[Text] In the twinkling of an eye a high-speed elevator shot us up to the eighth floor of the Greek Bank of Industrial Development (YeTVA) building, located on University Street in the very center of Athens. It was crowded in the spacious conference hall. A "blitz" of photo-reporters broke out--that was the peculiar reaction of the journalists to the arrival of members of the Greek government and high-ranking personages. The ceremonial decoration of the room, national flags of Greece and the USSR, testified to the importance of the events taking place.

Indeed, the signing of a major economic-trade agreement in itself is a significant occurrence. Special interest in the agreement was evident here. The local press nicknamed it the "Aluminum Project": A program of aid by the Soviet Union to Greece in the construction of a high-power plant for refining bauxite and alumina, the raw materials for the manufacture of aluminum. The scale of the enterprise is reflected in the fact that more resources are required for this project than for any other industrial project in Greece over the last 20 years.

Trade turnover between the USSR and Greece last year reached the impressive figure of 683.8 million rubles. The Soviet Union supplies Greece with oil, oil products, sawmill materials and power equipment, automobiles, trolley-buses, tractors, and cultural-domestic goods. In return come tobacco, cotton, fabric, footwear, steel rolled metal, and bauxite. The Soviet Union is one of the principal importers of the agricultural products from Greece.

Foreign economic relations have played and continue to play an important role in the economics of this southern Balkan country. In spite of an increase in recent years in the variety of export products, Greece, however, manages to defray only 45 percent of expenses on imports by sales of its goods abroad. The country's foreign debt at the present time exceeds 13.5 billion dollars. Construction, with technical assistance from the USSR,

of a large-scale industrial complex for production of high-quality alumina is called for as they look here to facilitate a solution to this imminent problem.

"One would like to remark," said D. Damianos, the manager of "Hellenic Aluminum," a branch company of YeTVA especially created for the realization of the "Aluminum Project," to our correspondent, "that this industrial complex will become the first national enterprise in Greece for processing bauxite. Construction is planned to be completed in 1990. The Soviet Union will become the first foreign consumer of the product of the new enterprise, that is, on a long-term basis. Similarly, our economic trade collaboration in the field of non-ferrous-metallurgy has a long-term outlook right up to the year 2000."

The optimistic words of the manager of "Hellenic Aluminum" recall to mind a recent meeting with workers in Greece at "Elinta," a large-scale plant for electric domestic appliances. Alas, the mood there was entirely different. The enterprise "Elinta" dates back to the time of the "sick ones", and as the interviewees declared to me outright, its difficulties in a direct way are linked to the activity of foreign capital in Greece.

The financial problems of "Elinta" were felt as far back as 1974. The owners of the plant, following the example of a number of other local manufacturers, preferred to purchase similar products abroad to development of production. Lack of capital investment hampered modernization and changeover to new technological processes. Financial difficulties even led to the temporary closing of the plant. Today 42 "sick" Greek enterprises are under the management of a specially established committee. And what lies in store for the factory tomorrow?

"West European monopolies have been mainly interested in closing 'Elinta,'" says Dionisios Muzakis, who spend 17 years working in the plant. "Whereas in the mid-1970's our enterprise occupied 55 percent of the home market of Greece, now our share comes to only 10 percent. The foreign companies have divided the rest among themselves. Their onslaught especially intensified after the entry of Greece into the Common Market. Washing machines and refrigerators come to us from Italy, television sets from France, and vacuum cleaners from the FRG. But before, the majority of products in Greek stores were manufactured in Elinta."

As my interviewees stated, a gloomy prospect confronted their enterprise...

Against this background the assistance of the Soviet Union in the creation of a national base of nonferrous metals in Greece stands in striking contrast. Welcoming the agreement with the USSR, the All-Greek Union of Engineers of the Mining and Metallurgical Industry in their statement to the press explained, "By this act the prestige of Greek bauxite is lifted. The national economy gains. Means and opportunities are opened for capital investment in production, which will promote further expansion of the significant resources in our country and growth of their export potential."

Another thing is of no small importance. The new complex marks the beginning of industrial development in Phocida, a region of central Greece. The construction itself provides long-term employment for 2,500 people -- a considerable figure taking into account that the present difficult situation in the labor market in Greece. At the same time training of specialists will take place on the spot. The Soviet side will announce its readiness to do everything in order that the project be on time and fully staffed by Greek specialists. "Terms of the agreement with the Soviet Union," noted the newspaper RIZOSPASTIS, show the benefit which Greece can derive from the development of equal and mutually beneficial economic relations with all countries of the world, first and foremost the socialist countries.

"Prospects of Greek-Soviet relations, particularly in the area of industrial collaboration, are highly promising," comments Kostas Sofulis, General Director of the Greek Bank of Industrial Development. "Both sides are in favor of their development. It yields mutual benefit and promotes strengthening of friendship between our peoples."

The economic problems now facing Greece, as Prime Minister A. Papandreou has repeatedly declared in his speeches, demand that special attention be given to the growth of labor productivity and mastering the latest technological processes. Business circles of Greece have not failed to note the views of General Secretary of the CPSU Central Committee, M. S. Gorbachev, at a meeting with French parliamentarian: "The solution of problems of industrial, technical, and scientific progress, which today face each country, may be made considerably easier by effective use of the international division of labor."

For the further progressive development of Soviet-Greek economic-trade and scientific-technical ties there is already a solid base: the long-term program signed in February 1983 for development of economic, industrial, and science and technology cooperation, envisioned for a 10-year period, and agreements reached during the visit to Moscow of Greek Prime Minister A. Papandreou at the start of the current year. As a result of these agreements, economic relations between our two countries have been raised to a much higher level.

A. M. Kularenko, the head of Technopromexport, the Soviet Foreign Trade Union delegation in Greece, met us at the entrance to the delegation headquarters, located in building No. 22 on Vaktrianis Street. This address is widely known in business circles of Greece. Here they often conduct meetings and discussions, and details of future contracts are negotiated.

"The long-term program," says Anatoliy Mikhailovich, "determines more than ten areas of cooperation, including power engineering, non-ferrous and ferrous metal industry, transportation, mechanical engineering, and agriculture. So the field of activity is wide. Soviet industrial equipment has been known in Greece for a long time. With economic and technical help from the Soviet Union, for example, the thermoelectric power plants "Keratsina" and "Kardia" and the hydroelectric power plant "Purnari" have already been constructed here. Our contribution in the field of power engineering, as repeatedly

noted here at the official level, is yielding noticeable results. Already, a number of contracts have been signed, even in other fields. Talks are going on about the Soviet Union's participation in the construction of a number of large-scale projects in Greek territory. These are a gas main and a stainless steel plant. It should be said that in Greece they display great interest in the use of modern Soviet technology. A Greek delegation visited metallurgical factories in Chereporets and Zaporozhe where they became acquainted with the achievements of the USSR in the production of cold rolled sheet metal.

In business circles of Greece it is recognized that, in considering possible collaboration, Soviet partners always seek to secure widescale participation of Greek organizations in the construction of any projects within the context of cooperation.

Yes, the USSR builds its trade and economic relations with other countries on the basis of equality, mutual benefit, and businesslike conduct. And that is well shown by the example of Greece.

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WESTERN EUROPE

LUXEMBOURG'S CP CHAIRMAN VIEWS INTERNATIONALISM, ARMS CURBS

PM251556 Moscow TRUD in Russian 25 Feb 86 p 4

[Interview with Rene Urbany, chairman of the Luxembourg Communist Party, by TRUD correspondent V. Boykov--no place or date of interview given: "Forum of Peace and Creation"--first paragraph is TRUD introduction]

[Excerpts] Our correspondent V. Boykov met with R. Urbany, chairman of the Luxembourg Communist Party and parliamentary deputy, on the eve of his departure for Moscow, and asked him to answer a number of questions.

[Question] The CPSU sees itself as a component of the international communist movement. In its relations with the fraternal parties, as the draft new edition of the program says, it firmly adheres to the principle of proletarian internationalism. What do Luxembourg's Communists think in this connection?

[Answer] The growth of the military danger and a whole range of other global problems give grounds for claiming that proletarian internationalism today is more topical than ever before.

This is precisely why it is attacked by our enemies. Luxembourg's Communists noted with gratification that the draft new edition of the CPSU Program devotes great attention to proletarian internationalism. Just like the Soviet communists, we consider that it means the rallying of all forces of the world workers and communist movement for success in the common cause, whose basic guidelines are peace and social justice. At the same time, as the draft new edition of the CPSU Program clearly says, the principle of proletarian internationalism "organically includes both revolutionary solidarity and recognition of every party's total independence and equality." There are no grounds at all for speculation on the great proletarian principle. Their authors pursue one single goal--to attempt to compromise, splinter [razdrobit], and consequently weaken the communist and workers movement.

[Question] I think that TRUD's readers would be interested in learning your opinion of the package of Soviet peace initiatives.

[Answer] The Soviet disarmament plan caused a sensation in the West. The world has never before heard anything like it. The public perceived these initiatives as large-scale, far-reaching, and fair, because they place all

sides on an equal footing and do not encroach on anyone's interests. The USSR's practical readiness to help free the planet from nuclear and chemical weapons by the end of this century has generated a broad response. The Soviet Union's decision to extend its unilateral moratorium on nuclear tests has also been assessed on its merit. Thanks to these measures, people can see more clearly where the epicenter of love for peace is today, and where are the forces engaged on preparations for war.

I would like to note that the USSR's peace initiatives were welcomed not only by representatives of antiwar movements and other progressive forces. They have also generated interest among politicians and public figures in NATO countries, who have openly told Washington: Moscow's proposals deserve serious discussion and a constructive response.

This is why the advocates of the continuation of the arms race have to maneuver and invent "counterarguments." Over the last few weeks the bourgeois press has again been flooded by a wave of anti-Sovietism. Propaganda is making much of the same old alleged violations of human rights in socialist countries, spy mania, and suchlike. All this is evidence that the supporters of the cult of military force have no intention of yielding their positions.

It must not be forgotten that the prosperity and influence of the representatives of military-industrial complexes are built on whipping up enmity and mutual mistrust, on military preparations. This is why they are attempting to undermine and slander the forces advocating detente and disarmament. The outcome of this struggle will depend largely on the level of mobilization of progressive and antiwar forces in every country. Luxembourg's Communists believe it is necessary not only to acclaim the Soviet peace proposals but also to support them practically. It is necessary to struggle for peace not only in words but also in deeds.

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EASTERN EUROPE

ROLE OF GDR STATE BANK IN ECONOMIC INTENSIFICATION

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 12,
Dec 85 pp 7-10

[Article by KhorstKaminsky, president GDR State Bank: "The GDR State Bank: Its Role in the Intensive Use of Resources" under the rubric "Following the Policy of the Economic Conference"]

/Text/ Serving as the leitmotif of the policy of the SED /Socialist Unity Party of Germany/ is the intention to do everything for the good of the people, for people's happiness by means of consistently carrying out a course directed at strengthening socialism and preserving peace. In this connection, our party considers the economy as the principal sphere of action for public policy.

The SED's economic policy is geared to a significant upswing in the economy, something which is a necessary condition for the further forming of a developed socialist society in our Republic and which poses the problem of raising the material and cultural standard of living. This policy has been reflected in the performance of the principal task in the integration of economic and social policy, i.e., in that course by following which the GDR, since the 8th SED Congress was held (1971), has moved forward on a scale hitherto unprecedented and made a contribution to the further universal strengthening of socialism and the preservation of peace.

The economic strategy adopted by the 10th SED Congress in 1981, which provides for a continuation of the course aimed at accomplishing the main task, is a purposeful continuation by the party in moving further forward on the basis of the commonly accepted principles of socialism and the experience of a policy which has given a good account of itself over many years.

Intensively expanded reproduction has now become a definite foundation for an upswing in our national economy. Thereby the GDR has succeeded in reaching a turning-point of principled significance. And in the future to continue following the path of a broad-based intensification for a lengthy period--that is the essence of the new stage in carrying out the economic strategy.

The process of intensifying our national economy on a broad basis is inextricably tied in with the contribution being made by the GDR to the deepening and developing of socialist economic integration, to putting the agreed-upon measures into practice, and to implementing the decisions made by the Economic Conference of CEMA Member-Countries at the Highest Level. This is of fundamental importance and constitutes a strategic task.

The requirements stemming from the party's economic strategy likewise determine the organization of the credit-financing relations, including the functions of the GDR State Bank. The latter has been assigned the task of consistently utilizing credit, interest rates, and economic control to actively assist such a broad-based intensification. The State Bank carries out the planning and utilization of credit funds for ensuring the pre-planned upswing of the economy and for increasing its effectiveness with the intensive use of all material and financial resources. As an organ of the state, the bank takes decisions about the granting of state funds on the basis of socially founded criteria.

In granting them, primary consideration is given to the principal indicators used for evaluating economic activity. Included herein are net output, profits, production of consumer goods, and exports. At the same time the bank is increasingly coordinating the granting of credits with the socially necessary requirements for a correlation between outlays and results. Extensive use is made of the norms for evaluating the effectiveness of scientific and technical achievements, as well as investments with regard to the growth of production and the pay-off on the funds granted or the circulation norms for the turnover rate on working capital. Thus, the granting of credits is tied in with the objectively founded scope of productivity and effectiveness, and the bank actively assists in the intensive utilization of resources both in the planning process and in the course of carrying out the plan.

The Bank's Responsibility for Improving Economic Results in the Field of Science and Technology

The SED's economic strategy sets forth the task of taking a new step along the path of combining the advantages of socialism with the achievements of the scientific and technical revolution. Science and technology are called upon to provide the necessary stockpile for an intensively expanded reproduction in the future.

Taking into account the decisive role played by science and technology in increasing effectiveness and productivity, our socialist state annually allocates enormous resources and funds for developing and stimulating scientific and technical activity.

For this purpose approximately 5 percent of the national income is allotted, which corresponds to the level of the leading industrially developed countries. Based on such potential and a deepening of the scientific, technical, and economic cooperation with the Soviet Union, which has been coordinated up to 2000, we must achieve a tangible increase in the yield from scientific and technical achievements. We must concentrate our efforts on the sectors of science and technology, achieve results which correspond to the highest international standards with respect to both their scientific and technical as well as their economic levels; we must also ensure the briefest possible time periods for introduction and the highest possible yield from very beginning. Located in the foreground are micro-electronics, bio-technology, up-to-date systems of automation using robots, and other lines with a high economic effect.

Serving as an indicator of the use of the latest scientific and technical achievements is the increase in the proportion of the products being turned out on the basis of new technologies with a high consumer value and the least possible expenditures. The Socialist Unity Party of Germany has set itself the task of annually renovating an average of 30 percent of the industrial products being turned out and consumer goods--by 40 percent.

Improving production results by means of science and technology is an essential element in the bank's economic activity, requiring active use of the functions of granting credit in conjunction with public monitoring control. This is changing the operational structure both in the central apparatus as well as in the branches of the State Bank. In this connection, the bank is concentrating its attention on the economic problems of scientific and technical progress, in particular, on observing the outlays assigned in consideration of the national-economic scope, on achieving the assigned economic indicators of effectiveness, as well as on observing the time factor, i.e., ensuring the briefest time periods allotted for scientific-research and experimental design projects (NIOKR) and their introduction.

The economic result is the objective measuring of the activity of scientific and technical work. And the banking economist is confronted with the following task: to approach the evaluation of the scientific and technical achievements with only one criterion--the correlation between expenditures and results.

The bank has been given the opportunity to consistently influence the effective utilization of funds for NIOKR and the organization of effective monitoring controls in the sphere of science and technology. The bank proceeds in the following manner.

In part of the financing from the budget of topics included in the state plan for science and technology the bank is given the right to decide on opening up financing. The granting of funds for developing topics is accomplished by means of a special account, based on approved certificates containing a list of obligations and indicators, i.e., on the basis of approved scientific, technical, and economic assignments requiring a high degree of effectiveness.

In cases where the process of preparing the plan does not contain high economic goals or the process does not achieve the implementation of the approved goals, and the appropriate ministers do not take the measures necessary to achieve these goals, the funds are held up. Any kind of automatic financing is thereby excluded, the role of money as a cost-accounting instrument of effective management, and the bank monitors the carrying out of hundreds of topics in accordance with the state plan.

Certificates of expenditures and results, which have a binding force, must also be worked out for all scientific and technical tasks provided for by the plans of combines and enterprises and financed by means of their funds for science and technology, which are formed and supplemented by their own funds. Such certificates are increasingly becoming an irreplaceable instrument for managing combines and enterprises as well as for the bank in increasing the effectiveness of NIOKR.

One of the principal parts of banking activity is the annual check-up on the performance of assigned tasks with regard to developing new products and technologies at selected combines and enterprises. In 1984, for example, 2,700 topics were subjected to check-ups. During the course of a check-up it is verified to what degree the economic tasks specified in the certificates correspond to the requirements of the economic strategy and the plan. In accordance with the results of the check-up, in conjunction with the combine and enterprise directors, suggestions are put forth with regard to seeking out reserves.

The Bank's Tasks in Modernizing and More Fully Utilizing the Existing Fixed Capital

The national economy of the GDR has at its disposal fixed capital worth 1.2 trillion marks. Its value in industry, construction, and transport alone exceeds 600 billion marks. It embodies a large share of the labor for 35 years of building socialism. A great deal depends upon how these enormous fixed capital assets are utilized.

In accordance with the party's economic strategy, modernization of the existing fixed capital takes the path of increasing the results factor--the principal form of reproducing it. By means of optimizing and modernizing the individual production units at each combine and enterprise a higher effect should be achieved in utilizing producer goods. Modernization of fixed capital is inextricably bound up with a more complete use of machines and equipment with regard to time. The national-economic plan for 1985 assigned the task of attaining loads of the basic production equipment amounting to 17.5 hours per day as a minimum.

The goal of a multi-faceted intensification of the reproduction process is an outstripping growth rate of production output in relation to the growth rate of fixed capital, i.e., increasing the yield on capital, increasing the loading on the producer goods and the rapid pay-off on advanced funds by means of reducing expenditures and increasing profits.

The economic work of the State Bank is directed at further increasing the effectiveness of credit funds and banking controls in the field of capital investments and the reproduction of fixed capital in accordance with the requirements of a multi-faceted intensification. In this connection, an important role is played by planning capital investments in accordance with the criteria of high effectiveness. All our experience confirms the fact that the question of the effectiveness of capital investments is decided in the preparatory phase, tied in as closely as possible with the economical use of the latest achievements of science and technology. The bank reaches a conclusion regarding this documentation by proceeding from an analysis of the expenditures and results being proposed. This allows the bank's economists to discover national-economic reserves in the expenditures and in effectiveness, and to make suggestions concerning the reduction of investment expenditures and the increase of the economic effect.

Of great importance in the bank's work is the integration into a single process of the management and planning of NIOKR as well as the preparation of capital investments. In connection with the decisions regarding the further implementation of the economic strategy, beginning in 1986, the plan for

preparing capital investments will be accorded great significance. It must become the connecting link between science and technology, on the one hand, and capital investments, on the other hand. Thereby, throughout our country's entire national economy use is being made, for the first time, of a unified approach, beginning with the certificate, which contains a list of the obligations and NIOKR indicators with regard to new items and new technology, and ending with a decision concerning capital investments. This means that the decisions are based on consistently adopted correlations between expenditures and results.

The bank's functions likewise include monitoring the achievement of the intended economic effect of capital investments. Regardless of the source of financing, it is entrusted with the task of strengthening project-by-project control of the GDR mark for the economic effectiveness of capital investments. The bank also monitors the correlation between the plans for production, profits, exports, reduction of imports, and expenditures for economic goals, as well as the attainment of these goals after the project is put into operation.

In financing capital investments, the bank is guided by the national-economic requirement which consists of the fact that the principal criterion of the value of a capital investment in the national economy comprises its effectiveness and its contribution to the national income rather than its expenditures. The bank's decision as to granting credits to projects depends upon the achievement of a national-economic effect of intensification, and thereby it facilitates the observance of this basic requirement.

The effect is achieved when the following factors are the case:

the return on capital investments exceeds the yield on capital, thanks to which they ensure a high growth rate of effectiveness;

such a growth in profits allows a pay-off of investment expenditures within the established norms of the pay-off period and thereby the creation of the conditions for a recovery of credit;

there is an observance of the norms for construction projects and the maintenance of the briefest possible periods for implementation within the framework of the normative construction periods.

The bank also takes into account the loading of existing and newly created fixed capital assets in accordance with observing the assigned norms.

By establishing the dependence of financing the intensive reproduction of fixed capital on the economically justified effect, the bank is achieving a further enhancement of the active role played by finances in increasing effectiveness.

The Bank's Tasks in Increasing Savings on Materials and in Preserving Reserve Supplies

A characteristic trait of economic progress in the GDR is the fact that growth in production output is taking place amid a reduction in the demand for energy

and materials, as noted by the general secretary of the SED Central Committee, Comrade Erich Honecker, at the 9th Plenum of the Central Committee. To a considerable extent, this has facilitated a dynamic growth in the national income. Effective utilization of the resources in energy, raw materials, and other materials is a fundamental question of the party's economic strategy under the conditions of the multi-faceted intensification. It is being carried out, in particular, by means of scientific and technical progress and a higher improvement of raw material. Our experience confirms the fact that a change in the proportions between the use of resources and the results of production makes itself strongly felt throughout the entire process of reproduction and the turnover of assets.

Banks have been assigned the task of financing and monitoring reproduction, depending on a well-planned reduction of production requirements and a curtailment of expenditures. Justifying themselves in this connection have been mandatory banking controls on the fulfillment of plan assignments at the beginning of the year with regard to a reduction of the production requirements by means of scientific and technical measures. If the bank has ascertained that the prerequisites are insufficient, it exercises influence by way of the conditions for granting credit and, in case of necessity, by way of bank penalties, on the adoption of necessary measures with respect to economizing on energy and raw materials, as well as with regard to reducing expenditures within the briefest possible period of time.

In our country, within the framework of the socialist competition with respect to preparing for the 11th SED Congress, a broad-based initiative movement has developed for the purpose of additionally economizing on energy-bearers, raw materials, and other material assets, including financial ones. Such economized assets are being returned by the enterprises and combines to the state so that they may be effectively utilized in the national economy and serve the growth of the national income.

The SED has entrusted the bank with the task of returning the funds and confirming this by State Bank checks. The use, with the aid of checks, of the manifested reserves within the framework of the State Bank's balances is an important instrument of economic management. The movement with the slogan "returning funds to the state is a contribution to the national income" is becoming more and more widespread. Industrial and construction enterprises, as well as districts, since the start of the current year have returned 3 billion marks worth of material and financial funds by means of State Bank checks.

By its competent and constructive work the State Bank has merited the trust of the SED. The bank's managers and employees support the socialist competition and are establishing increasingly closer ties with enterprises in the struggle to raise the national income.

Reducing the consumption of resources also presents new demands for economizing on working capital. This has been reflected in the assignment of the following goal: to increase the result factor with equal or lower amounts of reserve supplies. During the last few years the GDR has achieved a speed-up in the turnover rate of working capital, whose rates will be increased even further. It has been confirmed that scientific and technical progress,

directed at intensification, also changes the turnover rate of working capital. In accordance with our experience, reserves for further intensifying the economy comprise the following: reducing the production requirement and, accordingly, the amounts of supplies needed, curtailing the production periods, optimizing intra-plant transport, as well as shortening the entire turnover process as a result of scientific and technical progress.

The bank's work is also directed at this, with the aid of credit, interest rates, and banking controls. Working capital is being financed by means of an organization's own funds as well as by means of credit. Thus, credit participates directly in turnover. Credit and the conditions of granting it, in conjunction with other economic categories, has as its goal the creation of tangible economic advantages for those enterprises which are achieving important national-economic results in speeding up turnover.

So that the State Bank may cope with the large responsibility entrusted to it in the matter of the multi-faceted intensification of the national economy, we are mobilizing all the forces in the bank's central apparatus and branches, improving management, re-training, as well as setting forth initiatives and obligations. At the same time we are deepening our tried-and-tested cooperation with directors, party and trade-union committees of combines and enterprises, as well as with territorial and state organs.

Along with working people in all spheres, bank employees at the present stage are working intensively and creatively in order to successfully carry out the economic strategy. This is their contribution to the preparations for the 11th SED Congress, which will be a culminating point in the life of the people of the GDR.

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LATIN AMERICA AND CARIBBEAN

TRIAL OF FORMER MEMBERS OF ARGENTINA'S JUNTA ASSESSED

Moscow IZVESTIYA in Russian 25 Dec 85 p 5

[Article by Karen Khachaturov, APN special correspondent for ISVESTIYA:
"For the First Time: Argentine Generals and Admirals in the Dock"]

[Excerpts] Buenos Aires-Moscow, Dec--In Buenos Aires an unusual trial was taking place. In a monumental building with columns of gray granite sentence was being passed on a small group of soldiers, including three presidents, leaders of the juntas which tryannized the country for nearly eight years beginning March 1976. They were responsible for 30,000 who had "disappeared"--students and housewives, officers and priests, old people and children. But more workers were killed than any other group. Before their death people were barbarically tortured in police torture chambers, underground casemates, concentration camps, and hundreds of secret prisons.

For 45 minutes the chairman of the federal court in an even voice reads out a list of the crimes of the nine defendants. Only one of them--Air Force General Rubens Domingo Graffiña--is in the dock, surrounded by personal bodyguards. Puny, bald, with a benevolent facial expression, he blinks weak-sightedly, as if it were not about him that the list of crimes is being enumerated: 34 illegal arrests, 8 abductions, including a child, 96 forgeries, 35 approvals of torture, appropriation of the property of the "disappeared." The other defendants did not want to leave the comfortable cells and watched the last court session on a television screen.

In the courtroom, the witnesses for the prosecution attended invisibly. The testimony of those who had miraculously survived comprised 400,000 pages weighing three tons. But on what scales is it possible to measure the whole mass of human suffering?

The verdict for which the whole country is waiting is heard. The leaders of the military juntas, General Jorge Rafael Videla and Admiral Emilio Eduardo Massera, are sentenced to life imprisonment; three others to prison terms from 4.5 to 17 years; and the rest, including General Graffiña, are acquitted. True, some of them together with a group of good-for-nothing strategists soon must face a military tribunal for Argentina's defeat in the war with England in the spring of 1982 over the Malvina (Falkland) Islands.

The verdict of the federal court, which can be appealed both by the defendants and by the procurator, demanding a more severe punishment, provoked a mixed reaction. Immediately after the verdict was announced, mass protest demonstrations took place. For example, one of the leaders of the Christian Democratic Party--Eduardo Gonzales--declared that the verdict did not correspond to the scale of the crimes, to the genocide unleashed by the military juntas against their own people. But at the same time the verdict called forth an angry reaction by the organizers of the genocide. For the first time in the history of all Latin America, putschist generals had been tried for crimes against humanity. Therefore the verdict, as a precedent, was greeted with gnashing of teeth by the militarists not only in Argentina but also in neighboring countries where military-police regimes are raging--in Chile and Paraguay and in several other Latin American countries in which until recent times dictators have called the tune. It is not for nothing that local journalists called the trial the "Latin American Nuremberg."

The conviction of the organizers of the genocide must be seen in the context of the entire internal political situation in Argentina, against a backdrop of the most acute struggle between defenders and opponents of the democratic process. In the building of the National Congress, closed for many years, the author of these lines had a conversation with Argentina's vice-president and chairman of the senate, Victor Martinez. As the main task of the nation he named the defense of the constitutional system and the overcoming of economic difficulties. Speaking about the legacy of the military-political regime, the vice-president cited one especially frightening statistic: More than thirty percent of the population over age 15 in what was formerly the most cultured country in Latin America are today illiterate.

Argentina's vice-president, noting the unbreakable connection between civil peace in the country and peace in the whole world, underlined the importance of the Soviet Union's support for the foreign policy initiative of six countries, including Argentina.

With all the differences among the approaches of the numerous political parties to the future of Argentina, they have one common denominator: A firm conviction that the recent tragic past must not be repeated. This belief and will have been embodied in a two-word slogan: "Never Again!"

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LATIN AMERICA AND CARIBBEAN

PROBLEMS IN FINANCING DEVELOPMENT PROJECTS

Moscow LATINSKAYA AMERIKA in Russian No 10, Oct 85 pp 29-34

[Article by A. I. Soboleva: "Inflation and Problems of Financing Development"]

[Text] Inflation is presently a trait characteristic of the entire world capitalist economy. However, its process takes place in different regions and countries in a far from equal fashion. Among developing countries, it is now the 4th decade that the highest growth rate of prices for consumer goods have been occurring in Latin America (see Table 1). At the same time, two groups of countries can be distinguished in Latin America: one is characterized by intensive and lengthy inflation processes¹; the other by a relative price stability until the end of the 1960's (see Table 2).

Table 1

Average Annual Growth Rates of Prices in Developing Countries (in %)²

| Country | Year | | | |
|---------------|--------|--------|--------|---------|
| | 1950's | 1960's | 1970's | 1980-83 |
| Africa | 3.2 | 4.2 | 12.4 | 18.2 |
| Asia | 3.3 | 4.5 | 9.5 | 7.9 |
| Near East | 3.4 | 3.5 | 16.7 | 40.1 |
| Latin America | 14.9 | 22.1 | 34.4 | 83.1 |

The nature of the inflation process in the Latin American region allows the following unique feature to be noted: it was found to be much more intensive in those countries where attempts were made to force economic growth. The main part of Latin America's foreign debt falls on precisely this group of countries (with the exception of Uruguay and including Venezuela). Does some kind of mutual connection exist between inflation and the growth of foreign indebtedness?

The Consequences of Deficit Financing

Analysis shows that the growing dimensions of the financing of large-scale social and economic projects which are necessary for structural reorganization of the economy, and the administrative and managerial costs connected with them, presuppose a significant increase in the expenditure part of the budget. Due to an entire series of factors (the constriction of foreign sources of financing, the relatively

low effectiveness of capital yield, as well as the unique features of the tax systems), the increase has not had the necessary financial base of security. The deficits of budgets in the majority of Latin American countries has increased continually over the last 2 decades: from 1.5 percent VVP [expansion uncertain] on the average during the 1960's to 3.9 percent at the beginning of the 1980's (see Table 3).

Table 2

Average Annual Growth Rates of Prices in Latin American Countries (in %) ³

| Country | Year | | | |
|----------------------|-----------|-----------|-----------|-----------|
| | 1950-1959 | 1960-1969 | 1970-1979 | 1980-1983 |
| Group I | | | | |
| Argentina | 37.0* | 22.2 | 129.8 | 178.5 |
| Brazil | 19.1** | 47.2 | 35.3 | 107.1 |
| Uruguay | 13.1 | 47.1 | 59.6 | 41.4 |
| Chili | 38.4 | 26.0 | 161.5 | 23.0 |
| Columbia | 9.5 | 11.7 | 19.9 | 24.6 |
| Mexico | 7.2 | 2.4 | 15.7 | 53.8 |
| Peru | 8.1 | 10.1 | 29.5 | 77.6 |
| Average for Group I | 18.9 | 23.8 | 64.5 | 72.3 |
| Group II | | | | |
| Haiti | 1.2 | 2.3 | 9.1 | 11.6 |
| Guatemala | 1.8 | 0.7 | 9.0 | 7.5*** |
| Ecuador | 0.9 | 4.2 | 11.9 | 22.7*** |
| Dominican Republic | 1.0 | 1.8 | 9.9 | 10.7*** |
| Salvador | 5.1 | 0.4 | 10.2 | 14.4 |
| Cost Rica | 1.3 | 2.2 | 10.5 | 44.5 |
| Honduras | 1.2 | 2.5 | 6.3 | 11.3 |
| Panama | 0.0 | 0.9 | 6.7 | 6.9 |
| Venezuela | 1.7 | 1.2 | 7.9 | 13.4 |
| Average for Group II | 1.6 | 1.8 | 9.1 | 15.9 |

* 1955-1959

** Cost of living in Rio de Janeiro

*** 1980-1982

Owing to the difficulties of attracting credit finds for covering deficits, governments have had to resort to additional currency emissions as a means of financing the accumulation process. The current money supply also includes deposit money along with what is in circulation. Deficit financing is therefore connected not only with bank note emissions, but also with an increase in the credit of commercial banks to the government by means of investing securities in them for the financing of the state sector. Thus, at the beginning of the 1980's, in Argentina the National Treasury's deficits accounted for around 4 percent of the VVP and the proportions of their financing, on the part of the Central Bank, exceeded the deficit itself and accounted for 131.7 percent. This is explained by the need to compensate the negative balance of net financing by other sources. As a result, the growth rates of prices in Argentina in the average annual calculation were at the level of 129.8 percent in the 1970's and at 178.5 percent in the beginning of the 1980's.

Table 3

Budget Deficits of Central Governments (in % from VVP)⁴

| Country | Year | | |
|--------------------|-----------|-----------|-----------|
| | 1960-1969 | 1970-1979 | 1980-1982 |
| Argentina | 1.4 | 4.3 | 4.0 |
| Bolivia | 3.1 | 4.1 | 7.2 |
| Brazil | 2.3 | (0.2) | (0.1) |
| Columbia | 0.9 | 0.1 | 0.1 |
| Chili | 0.9 | 7.6 | (3.7) |
| Ecuador | 2.7 | 1.7 | 3.6 |
| Salvador | 0.5 | 0.4 | 6.0 |
| Guatemala | 0.6 | 1.3 | 4.8 |
| Haiti | 0.6* | 1.2 | 4.9 |
| Honduras | 0.8 | 1.6 | 4.1 |
| Mexico | 1.8** | 3.5 | 6.6 |
| Panama | 2.7 | 7.0 | 6.5 |
| Peru | 1.9 | 4.0 | 3.8 |
| Dominican Republic | 2.2 | 1.0 | 2.7 |
| Uruguay | 2.0*** | 2.3 | 4.1 |
| Venezuela | 0.1 | 1.6 | 3.3 |
| Average | 1.5 | 2.6 | 3.9 |

* 1967-1969

** 1966-1969

*** 1965-1969

Deficit financing has stimulated inflation and postponed the liquidation of increasing state indebtedness until the future (calculating on the yield of production capacities being built). This has served the tasks of redistributing revenue in order to intensify the process of accumulation. At the same time, money emissions for which a quota has not been established by circulation needs, have led to an increase of the money supply in circulation such that it has surpassed any real growth of production. The average annual rates of increase of the money supply in the countries of group I totalled 17.7 percent in the first half of the 1960's, as against 5.2 percent of the average annual VVP increase; in the first half of the 1970's, this ratio was already 53.2 as against 3.6; at the end of the 1970's, it was 70.4 as against 4.6; at the beginning of the 1980's, it was 58.0 percent as against 1.3 percent.

The chronic inflation processes which are characteristic of the most developed Latin American countries, indicate that the scales for using deficit financing and credit expansion for accelerating accumulation are not limitless and have their boundaries, since the amounts of additional money emissions begin to be determined not on the basis of real possibilities for mobilizing resources for accumulation needs, but come from the needs to cover budget deficits, including current items.

The acceleration of the increase of prices while carrying out an expansionist money policy, takes place as the formation of so-called "tight spots" in the economy. Under conditions of a severe shortage of resources, it is difficult to simultaneously ensure the development of the entire complex of mutually associated sectors and productions, and therefore, a lag in those or other sectors inevitably forms. This can lead to an increase in the costs of "deficit" production, which spreads along the chain of intersectorial connections in the entire economy. In the case of its "freezing," production in other sectors can be held back, which in the end also leads to a general increase in prices.

The disproportion between supply and demand, in turn, intensifies the so-called inflationary effect of investments which are invested in sectors with a long period of assimilation.

In addition, if one takes into account the fact that a certain part of producer goods constantly comes in from overseas (its monetary equivalent is not put out on the domestic market), then the wages in sectors which are directed toward foreign technology increase the "effective" demand of the population for consumer goods and lead to an increase in prices, first and foremost, of food products.

Experts from the Inter-American Bank for Development note: "The experience of many Latin American countries indicates that at first an expansionist financial policy affects economic activity favorably and the increase of prices relatively little. In the average period prospect, however, economic growth slows down and inflation accelerates, which in the end, makes it necessary to adopt stabilizing measures to retard inflation. The measures do not favorably affect economic activity."⁷

Thus, the policy of deficit financing which was based on the functioning of the finance and credit system's redistribution mechanisms, gave occasion for the monetarist critics of the state's role in the area of investments regulation and has proven to be insolvent for ensuring the task of overcoming backwardness. Inflation has itself become a factor of destabilization for the finance and credit system. Under these conditions, the role of foreign sources of financing has naturally increased.

The Influence of Foreign Inflation

The implementation in Latin American countries of an economic policy which is directed at speeding up growth and accelerating accumulations, is a direct stimulus to the expanded attraction of foreign credits and loans. It should be noted that the process of strengthening the role of the granting of foreign credit has gone on not only within the limits of a sufficiently thought-out and balanced long-term strategy, but to a significant extent under the pressure of varied circumstances. In many cases, the attraction of foreign credit funds was dictated by the needs for financing the deficits of the payment balance. The increase of world prices for oil and oil products has sharply aggravated the condition of the payment balances for a number of Latin American countries which are not oil exporters. In turn, the fall of prices has affected it and many forms of raw material.

This opened broader channels also for the penetration of "imported inflation," which was conditioned by the appearance on the world market of a great supply of "cheap" money--oil dollars. If the prices on import into the region's countries increased an average of 0.8 percent a year from 1965 to 1969, then they increased by 13.7 percent from 1970 to 1980.⁸

The events which were evaluated earlier by sober-minded Latin American economists as extremely alarming⁹ (although their argument apparently was not taken seriously in connection with the high supply of loan capital and low and sometimes negative real rates on international markets during almost all of the 1970's), had a dramatic turning point as a result of the policy of high interest rates. The U.S. Administration began to carry out this policy for the purpose of attracting capital to the country for financing huge budget deficits, which were connected to a significant degree--as Soviet and Latin American scholars justly claimed--with expenditures for the arms race escalation.

The increase of interest rates on the credits which have been granted on international markets for capital was the final and concluding link in the chain of events: the foreign debt of Latin American countries began to grow like an avalanche. The payments by interest which absorb an even greater part of the currency revenues of the region's countries, are growing at outstripping rates in comparison with the basic sum of the debt. Many of the countries have found themselves on the verge of financial catastrophe and have been forced to go into "debt bondage" to liquidate their obligations in maintaining a foreign debt.

Thus, in the course of dependent capitalist development, Latin America's foreign economic connections with Western countries have changed from a factor for economic growth to its hindrance. This has shown itself with special appearance in the crisis of foreign indebtedness. More than that, the foreign debt is undermining the bases not only of expanded, but also of simple reproduction. "Several countries, similar to Argentina, apply 52 percent of export toward interest payments on loans; 57 percent comes out of Bolivia's export; 36.58 percent from Mexico's; 35.5 percent from Peru's; 36.5 percent from Brazil's; and 45.5 percent from Chili's. Not one country," emphasized F. Castro, "can develop under such conditions. This is reflected in the decrease in the VVP of all Latin American countries during 1981-1984: by 13.9 percent in Uruguay, for example, by 6 percent in Argentina, by 5.4 percent in Chili and by 6.1 percent in Venezuela."¹⁰ The VVP has decreased even more in the per capita calculation. A sharp aggravation of social conflicts in the region is taking place.

At the same time, accelerated population growth, continuing urbanization and the beggarly level of life of the great mass of people, unemployment which is reaching extreme levels¹¹, the lack of elementary social services--public health service, education and others--all pose problems for the governments of Latin American countries. For their solution, they require huge material and financial outlays and the further acceleration of the growth of public production.

In the 1980's, it became clear that the attraction of foreign funds in a number of cases played a role which eased the structural factors of inflation and at the same time, itself carried a latent inflationary effect (for example, in the case of financing capital investments in the infrastructure or in a sector with a long period

of assimilation and the growth of production costs owing to the appreciation of credit, etc.). Today it is becoming more apparent that foreign financing as a means of forming a principally new mechanism for the dependence and operation of Latin American economies,--which has a paralyzing influence on the reproduction processes of the region's countries--on one hand exceeds the furthest growth, and on the other, increases internal inflation.

Conditions are such that there are no new palliative means of easing the conflicts of dependent capitalist development and expanding reproduction in the region. The preservation of today's situation in invariable form is also not possible owing to the aggravation of the region's social problems. The way out of the situation which has arisen should apparently be searched for in both deep social reorganizations within the Latin American countries and in a radical rebuilding of the entire system of the international economic relations of capitalism in which the region is included as a subordinate and exploited link.

FOOTNOTES

1. The list of the countries with "traditionally high inflation" was taken from the yearbook "Estudio Economico de America Latina," 1981. Santiago de Chile, 1983, p 60.
2. Calculated based on: International Financial Statistics. Yearbook. Washington, 1980, pp 58-61; 1984, pp 100-103.
3. Calculated based on: International Financial Statistics. Yearbook, 1984, pp 58-60; 1984, pp 100-103. Economic Development Issues, 1967, No 21, p 269.
4. Calculated based on: International Financial Statistics. Yearbook, 1984.
5. See: Argentina. Economic Report. Statistical Review 1970-1980. Buenos Aires, 1981, p 69; Argentina. Informe Economico. Reseña estadística 1980-1983. Buenos Aires, 1983, p 69.
6. Calculated based on: International Financial Statistics. Yearbook, 1984, pp 76-79, 120-123.
7. Economic and Social Progress in Latin America. The External Sector. 1982 Report. Washington, p 4.
8. Calculated based on: Estudio Economico de America Latina, 1976. 1977, p 23; Estudio Economico de America Latina, 1980. 1981, pp 23-24.
9. Estudio economico de America Latina, 1981. 1983, p 27.
10. F. Castro. The Insolvent Debt of Latin America and the Third World. How It Can and Must Be Abolished. The Urgent Need in the New International Economic Order. Havana, 1985, pp 6-7.
11. See: LATINSKAYA AMERIKA, 1985, No 7, pp 65-88.

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LATIN AMERICA AND CARIBBEAN

BOOK REVIEW: SOVIET-ARGENTINE RELATIONS

Moscow LATINSKAYA AMERIKA in Russian No 10, Oct 85 p 142

[Review by V. F. Kovalev of book "Los Socios Discretos. El Nuevo Caracter en las Relaciones Entre la Argentina y la Union Sovietica" ["The Good Partners. The New Character of Relations Between Argentina and the Soviet Union"] by Aldo Cesar Vacs, Editorial Sudamerica, Buenos Aires, 1984, 183 pages]

[Text] Recent years have introduced much that is new in the international experience of the peaceful coexistence of states with different social systems. One of the convincing examples of this is the development of Argentine-Soviet relations. Argentine political scientist A. S. Vacs has dedicated his monograph to the research of this.

By the author's admission, the analysis concentrates, on one hand, on the policy of Argentine governments, which during the entire historical period from 1917 has been subject to fluctuations and changes of various kinds. On the other hand, it concentrates on the foreign policy course of the USSR which "from the very beginning took a practical and continual line to cooperation with Argentina."

The book gives much attention to an analysis of the foreign policy activity of J. D. Peron's government, which established diplomatic relations with the Soviet Union in 1946 "at the wish of the people and the aspiration of all Argentines to live in peace and friendship with all the countries of the world" (p 26).

The protectionist measures of the Common Market countries, which were directed at limited access of Argentine goods to Western Europe, have had a vital influence on Argentina's policy in the economic plan. The author emphasizes that this "strengthened Argentina's striving in search of new markets, and socialist countries, especially the USSR, presented themselves as the most obvious alternative here" (p 49). On the basis of the analysis of a large quantity of statistical data, the author makes an important conclusion about the fact that already by 1981, the USSR had become "one of Argentina's basic trade partners" (p 80).

In Vacs' opinion, the refusal of Argentina's government to join itself with the United States' policy, which was directed at an embargo of grain shipments to the USSR, played an important role in the development of relations. Argentina not only did not concede to pressure on the part of the United States, but significantly increased the volume of grain export to the Soviet Union (p 72).

In conclusion, the author expresses confidence in the fact that after the coming to power of the civilian government headed by R. Alfonsin, "diplomatic relations between both countries will be heading down the path of development and intensification" (pp 174-175).

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MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

AFGHAN NEWSPAPERS SEEN TO CHRONICLE, FURTHER REVOLUTION

Moscow ZA RUBEZHOM in Russian No 46, Nov 85 pp 12-13

[Article by German Petrovich Ustinov (born 1935), journalist specializing in international affairs, IZVESTIYA's own correspondent in the Democratic Republic of Afghanistan, Kabul, October: "When the Pen Is Equated to the Bayonet"]

[Excerpts] Autumn 1985 is a special one for Afghan journalists. In early September there was a celebration of the fifth anniversary of HAQIQAT-E ENQELAB-E SAWR -- "Truth of the April Revolution" -- the fighting organ of the Central Committee of the People's Democratic Party of Afghanistan [NDPA -- hereinunder PDPA], the right-flank revolutionary press of the republic. And soon thereafter there was a celebration of the fifth anniversary of the Union of Journalists of the Democratic Republic of Afghanistan [DRA], the ranks of which today number approximately 1500 persons. Waging active propaganda for the ideas and goals of the April Revolution, brilliantly demonstrating its achievements, inquisitively examining its problems, and giving a decisive rebuff to its domestic and foreign enemies, the young press of the Democratic Republic of Afghanistan is becoming a true rostrum for the country's workers, the party's mouthpiece, and a reliable support for the people's authority.

With Notebook and Submachine Gun

The detachment of volunteers which had been fighting for three months in Punjsher included different people. A thousand Kabul party members, workers, students, employees, people of various ages, with various periods of party longevity, they called themselves soldiers of the revolution. It may be that not every one of them had undergone army training in his youth and that almost no one possessed combat experience, but they held a rifle or a submachine gun firmly in their grip, participated in serious operations, and demonstrated no small amount of bravery in conflicts with the enemy.

The editorial office of the newspaper HAQIQAT-E ENQELAB-E SAWR sent ten of its workers out with that detachment: the right-flanker must serve as an example. Zahir Tanin, the 27-year-old responsible secretary of the editorial office, was entrusted with the command of a group of volunteers consisting of 300 persons, and he completely justified that trust.

Today Tanin is first deputy editor in chief of HAQIQAT-E ENQELAB-E SAWR and, according to the general opinion that is circulating in Kabul, is one of the best-qualified Afghan journalists, although he is only 30 years old. The newspaper's editor in chief, the famous Pushtu poet Kaun Tuffani, is at the HUMANITE celebration in Paris, and in his absence, Tanin is in charge. And so I am talking with him in his office, which is piled up with fresh newspapers that are lined up with the pages for tomorrow's issue.

"Who are your readers, Zahir?", I ask him.

"They are mostly party members, members of the advanced youth, intellectuals, activities in public organizations, and fighters in the people's army. The newspaper run is 85,000 copies (we began with 50 [thousand]). Half the subscribers are residents of Kabul. Approximately 35,000 copies are distributed in the country's provinces. About 10,000 go abroad, where many of our people are working or, chiefly, studying. We send 5000 copies to the Soviet Union alone. The rest are sent to the socialist countries and to India."

To the Soviet reader, the newspaper's printing run may seem to be modest. But for Afghanistan it is unprecedented. The country's best newspaper prior to the revolution, as well as the one with the largest mass readership -- ANIS -- had a printing run of 10,000 copies.

The structure of the readership of HAQIQAT-E ENQELAB SAWR is determined by the nature of the newspaper itself. The newspaper has, for example, a military page. Of course, it has its own circle of adherents. There is a women's page, a children's page... For the workers in the party apparatus and the activists in the PDPA there is a party-life page. The readers have an avid interest in the materials dealing with political, economic, and cultural topics, and international information. The newspaper attempts to be not narrowly party-oriented. It tries to encompass all categories of inhabitants of the country. "The newspaper for everyone," is its slogan. Recently it began to print a humor page, which immediately attracted everyone's attention.

"Who are the heroes of your newspaper? Who do you write about?"

"First of all, the workers of Afghanistan, the peasants, the upcoming working class, the tradesmen, small-scale merchants," Zahir Tanin replies. "We devote a lot of attention to the defenders of the revolution, to those who take up weapons to defend its ideals, its gains, whether we are talking about fighting men in the people's army, workers of the 'tsarandoy', or volunteers. And, naturally, also to party members, to their selfless struggle for a new life. Previously our stories about the new people of Afghanistan were limited to expanded reports, sketches, and a small amount of correspondence. Currently we are using on a broader and broader scale a genre that is new for us -- the

essay. We are attempting to portray the heroes of our time in a full, large-scale manner. We seek vivid colors, fresh words, and apt details."

The newspaper does not yet print any satirical pieces. But critical materials are appearing more and more frequently, and are becoming more profound. The authors attempt to make the transition from personal judgments about a fact to the interpretation of the problem, to generalizations. Several times the critical statements printed in HAQIQAT-E ENQELAB-E SAWR were the object of discussion by the Politburo of the Central Committee of the PDPA. The editorial office considers that to be a large gain of the newspaper's.

Concerns of the Editorial Office

Five years is a proper period of time for summing up the results, for taking a more careful look at tomorrow... What tasks confront the collective in the editorial office? What problems will have to be resolved in the near future?

"I'll begin with the internal concerns," Zahir says. "The principle one, without a doubt, is the personnel problem. Like other editorial offices, we still have a shortage of trained journalists. Properly speaking, they are in the minority. I, for example, am a physician. True, immediately after graduation from the university, as soon as I had been graduated by the School of Medicine, the Central Committee sent me here. HAQIQAT-E ENQELAB-E SAWR was only just being created then... A lot of my associates had a similar fate."

Obviously, the university currently is training journalists more actively. But the university graduate still has to keep growing. One thing that is good here is that young people do not like the office style of work. Journalists are always in the midst of people. According to Zahir, in the five years of the newspaper's existence, the responsible secretary has signed 300 temporary assignments to the country's provinces. And under conditions of an undeclared war, when normal transportation between cities has been disrupted, when it is dangerous to stop at a hotel, when a rebel's bullet or a mine set up on the road can prevent a person from getting from the city to the airport, every trip deep into the country requires a lot of bravery.

Alongside of this problem there is another one that rises to full height, but this is by no means an internal one: the indoctrination of the author activists. Previously the Afghan newspapers were made exclusively by the hands of specialists. Currently the republic's press is beginning to get "overgrown" with authors. But it will take time. The fact of the matter is that, for the time being, most of the population is illiterate. Many workers and peasants, soldiers, and craftsmen have something to say, but they cannot do that. It is necessary, as quickly as possible, to expand the network of courses to eliminate illiteracy. And this, incidentally, is one of the constant themes of HAQIQAT-E ENQELAB-E SAWR.

Nevertheless, during the five years of the newspaper's work, it has received 8000 letters. That figure would seem to be small, but one must keep in mind the fact that prior to the revolution the people did not write at all to the

agencies of the press. But now they do not simply write to them about their concerns, but also they frequently raise serious questions and direct the journalists' attention to shortcomings that should be made known to the public.

Chronicle of the Revolution

These are dry figures, but one hears in them the music of the revolution. Afghanistan has recently had an election to the local agencies of authority. Previously the province governors, the mayors of the major cities, and even the district chiefs were appointed from the center. From now on, the nation itself selects its representatives to the "jirgahs" -- the local councils. The election was held in an atmosphere of complete unanimity, with unprecedented enthusiasm. The same atmosphere prevailed in the work of the recent Supreme Jirgah of the Border Tribes of Afghanistan, at which the leaders, the elders, and other influential representatives from the outlying areas expressed their solidarity with the affairs and plans of the PDPA, and gave their solemn promise to render support to the party and state agencies, to the armed forces, and primarily to the border troops in their actions to prevent the penetration of armed aggression into the country...

These two events were recently in the center of attention of yet another Afghan newspaper with prerevolutionary "longevity" -- the KABUL NEW TIMES (it first appeared in 1962 under the name KABUL TIMES, and has appeared under its present name since 1979). Together with editor in chief Muhamad Kabul, we leaf through its pages: there are numerous interviews with delegates to the jirgahs, and reports on the elections in the provinces and the capital.

"How do you explain the convincingly demonstrated solidarity of the people around the PDPA and the revolutionary government of Afghanistan?", I ask. M. Kabul repeats my question and then replies, "The people of labor see that all the republic's plans are directed to them. The new Afghan state has one main goal: the guaranteeing of the welfare of the individual, the prosperity of the nation, the building on our ancient land of a society of social justice, peace, and happiness. Every honest Afghan sees that these are not just slogans. He sees that the party supports its words with deeds, he responds to the concerns of the party and the government with trust and support."

My conversational partner knows the price of his words. His newspaper occupies a special place in the rank of other periodical publications. It has been called upon to inform primarily the foreign reader. The pages of KABUL NEW TIMES are the "compressed" chronicle of the April Revolution, its difficult, gradual procession across the Afghan land.

Opening this newspaper, the reader learns how the new construction is proceeding in the housing areas of Kabul, how many persons have begun taking classes to eliminate illiteracy (during the years after the revolution, 1,150,000 people have graduated from them), how the number of agricultural cooperatives has been growing, what assistance the government is rendering to families of defenders of the revolution who have been killed, what is new on

the fronts of the struggle against counterrevolution, and how many former rebels have turned themselves in and how many refugees have returned to their homeland from Pakistan and Iran. In a word, the reader becomes acquainted with the entire variegated kaleidoscope of events that make up the picture of the republic today.

"Our weapon is the news of the country, the truthful reflection of what is happening in all areas of life," M. Kabul emphasizes. "But we are by no means the dry recorders of what has happened. We remember well the law of revolutionary journalism: conduct agitation with the facts. And we act in accordance with that law..."

KABUL NEW TIMES comes out six times a week. The editorial office is small. It has five sections -- information, international life, social-political, economics, and culture -- which employ a total of 20 journalists. There is one other subdivision that is specific for this kind of publication: a translators' group. These are, for the most part, experts in the English language (the newspaper is printed in English). There are three persons who are specialists in Russian. Materials are translated from German, French, and Spanish (KABUL NEW TIMES is received by many newspapers around the world) by contract translators.

The printing run of the newspaper is 2000 copies, but if necessary the run can be doubled. That happened, for example, during the recent jirgahs of tribes. Special issues are printed in a large run. I remember well several of them: an issue devoted to the problem of Afghan refugees, which discusses the heinous crimes of the counterrevolutionary forces, and which was issued on the twentieth anniversary of the PDPA...

From a Frontline Correspondent

HAQIQAT-E SARBAZ ("Soldier's Truth"), as becomes obvious from its name itself, was born after the revolution -- in old Afghanistan a publication such as this would have been simply impossible. It is four months older than HAQIQAT-E ENQELAB-E SAWR. At first it was a weekly with a printing run of 15,000 copies. Currently "Soldier's Truth" is a newspaper that is printed every other day, and its printing run is 55,000 copies.

As I became acquainted with the issue, I directed my attention to the fact that it contains a large amount of materials from the newspaper's special correspondents who are on a temporary-duty assignment or who have just returned from one. I ask to be introduced to one of them. The person is correspondent from the combat training department, Captain Ahmad Tanai. During the entire period of his temporary-duty assignment, he marched alongside of advance subdivisions of the 25th Division of the Afghan Army, and lived the same life that they did. His materials appeared in every issue, and sometimes there were two or three items printed on the same day. After combat actions, Tanai would go to the command post and write for two or three hours. Then he would establish communication.

There were many interesting and exciting things that Tanai had seen in his previous 16 temporary-duty assignments. But the thing that he especially remembered was the combat operation for the Jawhar height. Deep into that tremendous mountain the rebels had hidden one of the largest depots of weapons, equipment, and food. The bandits had fortified themselves at the summit and they put up desperate resistance. The advancing subdivisions of the Afghan Army managed to overcome two-thirds of the ascent comparatively quickly. But then it was as though everything jammed... The deputy for political affairs in the battalion that was taking the height, Captain Ali Mamad, suggested seizing the summit in a single powerful rush. All the forces were pulled up and a discussion was held with the fighting men. And then the decisive moment came: the battalion dashed upward with a single shout of "Hur-r-r-ray!" The rebels could not hold out. They yielded the height. Some of them were smashed, and others were scattered.

The first people to reach that summit included HAQIQAT-E SARBAZ correspondents. That is attested to by a photograph that I hold in my hands: Captain Tanai, together with Captain Ali Mamad and three soldiers, are rushing onto the summit of the mountain. The photograph was taken at close range. The photographic correspondent had been running about ten steps behind them...

the Union of Journalists. At a solemn session, a large group of newspaper workers was given certificates and diplomas. The awardees also included Captain Tanai, HAQIQAT-E SARBAZ correspondent, the newspaper with the second largest printing run in the republic. His diploma and prize were received by the chairman of the primary organization of that newspaper's Union of Journalists, A. Najib. After ascending the stage, he sucking on a broad scale was not in the hall at the moment, because he was on a combat operation. The participants at the session greeted those words with applause. The fight against counterrevolution is continuing -- with the aid of a submachine gun and the printed word...

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CSO: 1807/161

MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

USSR, LIBYA SIGN PROTOCOL ON POLITICAL CONSULTATIONS

Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SOYUZA SOVETSKIKH
SOTSIALISTICHESKIKH RESPUBLIK (OTDEL VTOROY) in Russian No 1, 1986 pp 3-4

[Text] On political consultations between the Union of Soviet Socialist
Republics and the Socialist People's Libyan Arab Jamahiriya

The Union of Soviet Socialist Republics and the Socialist People's Libyan Arab
Jamahiriya prompted by the strong aspiration to strengthen the existing
relations of friendship, based on the principles of mutual respect, equality
and mutual benefit, in accordance with the aims and principles of the United
Nations, continuing the struggle against all forms of colonialism,
neocolonialism, Zionism, racism, and for freedom of peoples, for social
progress and for consolidating the people's sovereignty, wishing to develop
contacts and consultations between corresponding foreign policy organs of both
states with the goal of consolidating peace in the whole world and making
their own contribution to strengthening the unity of socialist and all
progressive peaceloving forces, agree to the following:

1. The sides will carry out consultations on international problems,
representing mutual interest, as well as on questions of bilateral relations
by direct contacts, including the following:

--problems of a political, economic, scientific-technical and cultural
character, involving relations between the two countries;

--problems of averting nuclear war, stopping the arms race and barring
militarization of space;

--the situation in the Middle East, in Africa, in the region of the
Mediterranean and in Europe.

2. Carrying out consultations will be ensured respectively through the
Ministry of Foreign Affairs of the Union of Soviet Socialist Republics and
through the People's Bureau for Foreign Liaison of the Socialist People's
Libyan Arab Jamahiriya. The sides are to agree on the subject, level, and
times for these consultations through diplomatic channels.

3. Consultations will be carried out between the sides in order to contribute to the efforts of the countries of the socialist community, progressive forces of Arab states, nonaligned states, and other peaceloving forces, directed toward supporting international peace and security and to opposing the intrigues of imperialism, Zionism, and racism, and for ensuring international cooperation.

4. Consultations will also be carried out between delegations of both countries in international organizations and international forums with the aim of coordinating positions on problems to be discussed in accordance with the principles of their foreign policies.

5. Consultations will be carried out in turn in Moscow and Tripoli not less than once a year and at any time when the need arises.

6. The current Protocol goes into effect on the day it is signed.

Completed in Moscow on 14 October 1985, which corresponds to 29 Muharram of the year 1395 after the death of the Prophet, in two copies, each in Russian and Arabic, so that both texts have identical effect.

For the Union of Soviet Socialist Republics
E.A. Shevardnadze

For the Socialist People's Libyan Arab Jamahiriyah
'Ali 'Abd al-Salam al-Turayki

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END